

CITY OF CORNING,

CALIFORNIA

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2015**

**CITY OF CORNING
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

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INTRODUCTORY SECTION

City Officials

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**CITY OF CORNING, CALIFORNIA
CITY OFFICIAL
FOR THE YEAR ENDED JUNE 30, 2015**

**CITY COUNCIL
(Terms as of June 30, 2015)**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Gary Strack	Mayor	2016
Tony Cardenas	Member	2016
Darlene Dickison	Member	2018
Willie Smith	Member	2016
Dave Linnet	Member	2018

CITY CLERK

Lisa Linnet

CITY TREASURER

Laura Calkins

CITY MANAGER AND FINANCE DIRECTOR

Kristina Miller

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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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Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

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, 2015, 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

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

my audit opinion.

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, 2015, 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 -12 and 60 - 64 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 February 3, 2015, 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

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

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 dark 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
March 14, 2016

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CITY OF CORNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

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, 2015. 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 \$34,405,683, deferred inflows and outflows of resources were \$5,326,476 and \$636,119 respectively, and total liabilities were \$16,676,714 at June 30, 2015. The City's assets exceeded its liabilities by \$13,038,612 (net position) for the fiscal year reported. This is a decrease of \$3,707,521 from the previous year when assets exceeded liabilities by \$16,746,133. The decrease was primarily due to the City's adoption of GASB 68, resulting in a prior period adjustment of \$4,345,819. A complete discussion of the effects of GASB 68 follows on page 11. The City overall experienced a surplus in the amount of \$634,166, before the prior period adjustment, consisting of a surplus of \$986,443 in the governmental funds and a deficit of (\$352,277) in the business-type funds.

Total net position is comprised of the following:

- (1) Capital assets, net of related debt and accumulated depreciation, of \$11,996,930 include property and equipment.
- (2) Net assets of \$2,331,954 are restricted for debt service.
- (3) Unrestricted net assets of \$(1,290,272) 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 fund balance of \$2,780,636 this year. This compares to the prior year ending fund balance of \$3,035,696 and is a decrease of \$255,060 during the current year;

For the fiscal year ending June 30, 2015, the fund balance of the General Fund was \$1,102,813; of this amount \$625,000 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 2014-15, the \$625,000 fund balance reserve is 13.21% of reported expenditures (\$4,728,510).

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 \$6,831,752 as of June 30, 2015. This compares to the prior year ending net position of \$7,597,381 showing a decrease of \$765,629 during the current year.

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 13-15 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, 2015.

TABLE 1 - NET POSITION						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2015	2014	2015	2014	2015	2014
Assets:						
Cash and other assets	\$ 7,062,020	\$ 7,325,642	\$ 3,509,827	\$ 3,350,564	\$ 10,571,847	\$ 10,676,206
Capital assets	9,782,304	8,727,208	14,051,532	14,788,507	23,833,836	23,515,715
Total Assets	<u>\$ 16,844,324</u>	<u>\$ 16,052,850</u>	<u>\$ 17,561,359</u>	<u>\$ 18,139,071</u>	<u>\$ 34,405,683</u>	<u>\$ 34,191,921</u>
Deferred Outflows	\$ 575,462	-	\$ 60,657	-	\$ 636,119	-
Liabilities						
Other liabilities	\$ 395,485	\$ 321,735	\$ 693,307	\$ 657,082	\$ 1,088,792	\$ 978,817
Long-term liabilities	5,605,235	2,376,373	9,982,687	9,884,608	15,587,922	12,260,981
Total Liabilities	<u>\$ 6,000,720</u>	<u>\$ 2,698,108</u>	<u>\$ 10,675,994</u>	<u>\$ 10,541,690</u>	<u>\$ 16,676,714</u>	<u>\$ 13,239,798</u>
Deferred Inflows	\$ 5,212,206	\$ 4,205,990	\$ 114,270	-	\$ 5,326,476	\$ 4,205,990
Net Position						
Invested in capital assets net of related debt	7,777,636	6,529,839	4,219,294	4,616,731	11,996,930	11,146,570
Restricted	-	-	2,331,954	2,195,120	2,331,954	2,195,120
Unrestricted	(1,570,776)	2,618,913	280,504	785,530	(1,290,272)	3,404,443
Total Net Position	<u>\$ 6,206,860</u>	<u>\$ 9,148,752</u>	<u>\$ 6,831,752</u>	<u>\$ 7,597,381</u>	<u>\$ 13,038,612</u>	<u>\$ 16,746,133</u>

In fiscal year 2014-15, Governmental activities decreased the City's net position by \$2,941,892 and business-type activities decreased the City's net position by \$765,629 as compared to the prior fiscal year.

Governmental activities revenues decreased by \$595,516, or 7.92%, due primarily to the decrease in sales tax revenue received for the year, which equaled \$304,645. Expenses in the governmental activities increased by \$1,021,812, or 21.64%; most of this increase is in the city public safety and transportation categories.

Business-type activities revenues decreased by \$55,573 or 1.53%. The decrease was due, in part to changes in customer charges. Business-type expenses increased by \$62,706 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	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 141,706	\$ 137,112	\$ 3,484,977	\$ 3,548,008	\$ 3,626,683	\$ 3,685,120
Operating grants and contributions	311,382	195,340	-	-	311,382	195,340
Capital grants and contributions	1,767,005	2,186,604	-	-	1,767,005	2,186,604
General revenues:						
Property taxes	500,346	519,858	-	-	500,346	519,858
Sales and use taxes	2,712,917	3,017,562	-	-	2,712,917	3,017,562
Occupancy taxes	344,295	299,987	-	-	344,295	299,987
Other taxes	130,862	144,778	-	-	130,862	144,778
Vehicle License Fee	518,093	516,779	-	-	518,093	516,779
Franchise tax	114,192	113,130	-	-	114,192	113,130
Investment earnings	1,839	2,141	3,109	3,088	4,948	5,229
Intergovernmental	-	21,818	-	-	-	21,818
Other revenues	<u>183,609</u>	<u>361,966</u>	<u>77,479</u>	<u>67,242</u>	<u>261,088</u>	<u>429,208</u>
Total Revenues	<u>6,726,146</u>	<u>7,517,075</u>	<u>3,565,565</u>	<u>3,618,338</u>	<u>10,291,811</u>	<u>11,135,413</u>
Expenses:						
General government	792,608	640,714	-	-	792,608	640,714
Public safety	3,743,759	3,464,031	-	-	3,743,759	3,464,031
Transportation	705,462	164,917	-	-	705,462	164,917
Cultural Parks and Recreation	451,046	383,614	-	-	451,046	383,614
Community Development	50,828	68,615	-	-	50,828	68,615
Sewer	-	-	1,995,034	1,959,545	1,995,034	1,959,545
Water	-	-	1,387,318	1,362,006	1,387,318	1,362,006
Solid Waste	-	-	475,078	461,455	475,078	461,455
Airport	-	-	47,190	49,670	47,190	49,670
Transportation Center	<u>-</u>	<u>-</u>	<u>16,022</u>	<u>25,260</u>	<u>16,022</u>	<u>25,260</u>
Total Expenses	<u>5,743,703</u>	<u>4,721,891</u>	<u>3,920,642</u>	<u>3,857,936</u>	<u>9,664,345</u>	<u>8,579,827</u>
Increase(Decrease) in Net Position before transfers, prior period adjustments and extraordinary items	982,443	2,795,184	(355,077)	(239,598)	627,466	2,555,586
Transfers	4,000	-	2,800	2,800	6,800	2,800
Prior period adjustments	<u>(3,928,335)</u>	<u>(4,011)</u>	<u>(414,389)</u>	<u>-</u>	<u>(4,342,724)</u>	<u>(4,011)</u>
Increase(Decrease) in Net Position	\$(2,941,892)	\$ 2,791,173	\$ (766,666)	\$ (236,798)	\$(3,708,458)	\$ 2,554,375

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 \$2,780,636 a decrease of \$255,060 in comparison with the prior year. The primary reason for the decrease is overall increases in costs.

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 a deficit of revenues over expenditures in the amount of \$124,515; transfers in and out (primarily for capital projects) netted to \$61,000, leaving an operating deficit of \$185,515.

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 2014-15 General Fund revenue increased 3.10% in comparison with the prior year. Significant changes were a decrease in taxes and assessments of 6.46%, an increase in intergovernmental revenues of 49.86% and an increase in charges for services of 32.75%. The decrease in taxes and assessments is primarily due to a decrease in sales tax. The increase in intergovernmental revenues is primarily due to the additional operating grants.

Total General Fund expenditures increased by \$306,536 or 6.93% from the prior fiscal year indicating an increase in debt service, general government, public safety, cultural parks and recreation and capital spending.

	2015		2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Taxes and assessments	\$ 4,084,429	88.71%	\$ 4,366,669	91.89%	\$ (282,240)	(6.46)%
Use of money and property:						
Interest	470	0.01%	411	0.02%	59	14.35%
Licenses and permits	66,006	1.43%	61,706	1.19%	4,300	6.97%
Intergovernmental revenues	311,383	6.76%	207,782	3.25%	103,601	49.86%
Charges for services	130,089	2.83%	97,999	3.59%	32,090	32.75%
Other revenue	11,618	0.26%	16,876	0.06%	(5,258)	(31.16)%
Total	\$ 4,603,995	100.00%	\$ 4,751,443	100.00%	\$ (147,448)	(3.10)%

	2015		2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General Government	\$ 648,684	13.71%	\$ 580,282	13.13%	\$ 68,402	11.79%
Public Safety	3,220,955	68.12%	3,127,111	70.72%	93,844	3.00%
Transportation	169,954	3.59%	157,209	3.56%	12,745	8.11%
Cultural, Parks and Recreation	333,336	7.05%	274,777	6.21%	58,559	21.31%
Community/Economic Development	23,500	0.50%	23,500	0.53%	-	0.00%
Debt service	285,489	6.03%	233,113	5.27%	52,376	22.47%
Capital outlay	46,592	1.00%	25,982	0.58%	20,610	79.32%
Total	\$ 4,728,510	100.00%	\$ 4,421,974	100.00%	\$ 306,536	6.93%

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.

In the fiscal year ended June 30, 2015, the Water Fund had a decrease in net position of \$42,157 and the Sewer Fund had a negative change in net position of \$288,924. The Solid Waste Fund had a negative change in net position of \$1,767, and the Airport and the Transportation Center have decreases in net position of \$20,271 and \$1,958 respectively. A two-year comparison of change in net assets for these funds is provided in the following tables.

TABLE 5 - WATER FUND				
For the periods ending June 30				
	2015	2014	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Operating				
Revenues	\$ 1,343,982	\$ 1,456,731	\$ (112,749)	(7.74)%
Expenses	(1,198,257)	(1,160,959)	(37,298)	3.21%
Non-operating revenue(expense)	(187,882)	(199,883)	12,001	(6.00)%
Net operating transfers	2,800	2,800	-	-
Change in net assets	\$ (39,357)	\$ 98,689	\$ (138,046)	

Water Fund -- The Water Fund reported a decrease in net position in fiscal year 2014-15 compared to fiscal year 2013-14. Revenues decreased by 7.74% while expenses increased by 3.21%. The net effect was a negative change in net position in fiscal year 2014-15 compared to the surplus in fiscal year 2013-14.

Sewer Fund -- The Sewer Fund reported an increase in the negative change in net position in fiscal year 2014-15 compared to fiscal year 2013-14. Although both revenues and expenses increased, the net effect was still a 6.71% increase in the amount of loss in fiscal year 2014-15 compared to fiscal year 2013-14.

TABLE 6 - SEWER FUND				
For the periods ending June 30				
	2015	2014	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Operating				
Revenues	\$ 1,704,281	\$ 1,656,899	\$ 47,382	4.57%
Expenses	(1,737,387)	(1,699,401)	(37,986)	2.24%
Non-operating revenue(expense)	(255,818)	(258,302)	2,484	0.01%
Change in net assets	\$ (288,924)	\$ (300,804)	\$ (11,880)	

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 2014-15 anticipated a shortfall of \$388,046. The results of the General Fund were more favorable than anticipated, with an actual deficit of \$185,515. Revenues in fiscal year 2014-15 were \$60,585, or 1.31%, more than the budget estimate. Expenditures in fiscal year 2014-15 were \$141,946, or 2.91%, less than the budget estimate, primarily due to cost savings from budgeted but unfilled vacancies and the deferral of capital expenditures.

Table 7 shows a two-year comparison of General Fund budgets and actual results.

TABLE 7 - GENERAL FUND BUDGET-TO-ACTUAL						
For the periods ending June 30						
	2015			2014		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues	\$ 4,561,810	\$ 4,603,995	\$ 60,585	\$ 4,466,910	\$ 4,771,443	\$ 304,533
Expenditures	(4,870,456)	(4,728,510)	141,946	(4,638,225)	(4,491,494)	146,731
Operating Result	(308,646)	(124,515)	202,531	(171,315)	279,949	451,264
Transfers In	-	18,400	-	-	-	-
Transfers Out	(79,400)	(79,400)	-	-	-	-
Net Result	\$ (388,046)	\$ (185,515)	\$ 202,531	\$ (171,315)	\$ 279,949	\$ 451,264

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. The City has recorded parkland improvements and acquisitions as additions to the infrastructure.

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2015, was \$9,782,304 and \$14,515,532 respectively. This represented an increase in the net investment of 12.09 % for governmental and a decrease in net investment of 4.46 % for business-type activities. The overall increase was 3.68% for the City as a whole.

TABLE 8 - NET INVESTMENT IN CAPITAL ASSETS			
Governmental Funds			
2015	2014	Variance \$	Variance %
\$ 9,782,304	\$ 8,727,208	\$ 1,055,096	12.09%
Business-type Funds			
2015	2014	Variance \$	Variance %
\$ 14,051,532	\$ 14,707,486	\$ (655,954)	(4.46)%

Long-term debt. As of June 30, 2015, the City had total debt outstanding of \$12,361,881; this is a decrease from the total debt outstanding at June 30, 2014, of \$447,123. This decrease is due to loan principal pay downs by the City during the current fiscal year.

Table 9 provides a two-year comparison of the City's long-term debt.

TABLE 9 - TOTAL DEBT For the periods ending June 30						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2015	2014	2015	2014	2015	2014
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	419,982	416,705	104,994	104,176	524,976	520,881
Pension Obligation Bonds	2,004,668	2,197,369	211,295	231,616	2,215,963	2,428,985
1999 Certificates of Participation	-	-	3,465,200	3,540,900	3,465,200	3,540,000
2005 Certificates of Participation	-	-	1,745,000	1,840,000	1,745,000	1,840,000
2005 Revenue Refunding Bonds	-	-	3,827,000	3,886,000	3,827,000	3,886,000
Clark Well Loan	-	-	583,742	592,238	583,742	592,238
Total	\$ 2,424,650	\$ 2,614,074	\$ 9,937,231	\$ 10,194,930	\$ 12,361,881	\$ 12,808,104

NEW SIGNIFICANT ACCOUNTING STANDARDS IMPLEMENTED

In fiscal year 2014-15, The City adopted two new statements of financial accounting standards issued by the Governmental Account Standards Board (GASB) that relate to pension activity:

Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", and,

Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68"

Statement No. 68 (Statement) established standards of accounting and financial reporting, but not funding or budgetary standards, for the City's defined benefit pension plans. This Statement replaces the requirements of prior GASB statements impacting accounting and disclosure of pensions.

The significant impact to the City of implementing Statement No. 68 is the reporting of the City's unfunded pension liability on the City's full accrual basis of accounting government-wide financial statements. There are also new note disclosure requirements and supplementary schedules required by the Statement.

The measurement date for the pension liabilities is as of June 30, 2014. This date reflects a one-year lag and was used so that these financial statements could be issued in an expedient manner. Activity (i.e., contributions made by the City) occurring during the fiscal year 2014-15 are reported as deferred outflows of resources in accordance with Statement No. 71.

In order to implement the Statement, a prior period adjustment was made to the City's July 1, 2014 net position. This prior period adjustment decreased the City's net position by \$4.34 million from \$16.75 million to \$12.40 million and reflects reporting of: 1) net pension liabilities of \$3.78 million, and 2) deferred outflows of resources of \$1.20 million. Please refer to Note 4 for more information regarding the City's pensions.

The adoption of Statement No. 68 has no impact on the City's governmental fund financial statements, which continue to report expenditures equal to the amount of the City's actuarially determined contributions (formerly referred to as the "annual required contributions"). The calculation of required pension contributions is also unaffected by this Statement.

ECONOMIC FACTORS AND MAJOR INITIATIVES

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

Sales Tax from Fuel are decreasing again while other retailers in Corning have remained stable overall. There was a total of \$2,581,580 in sales and use tax in 2014-2015. That's down \$304,159 (10.54%) from the 2013-2014 total sales tax of \$2,885,739.

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 City's Water System has an ISO Class II rating. The 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 fifth or final annual water rate increase pursuant to that Resolution (No. 12-08-09-02) was implemented in April of 2015. The City should consider implementing additional annual increases to account for inflation and decreases in water consumption.

In May of 2015 the City Council implemented Resolution No. 05-27-2015-01. That Resolution implements five annual 3.5% sewer rate increases to account for inflation and set aside net revenues to fund future repairs and facility replacement.

The continued downturn in development leaves the Sewer Capital Fund short of Development Impact Fee 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 greatest impact of the recession hits Street Maintenance which is funded by Federal funds, State gas taxes, local transportation taxes and the City General Fund. Few people realize that State gas taxes and local transportation taxes are a small portion of a City's investment in Roads. The City received only \$307,556 in State Gas Taxes and local transportation taxes during the year; that is only \$40.51 per year per resident. The balance of the funds spent on roads comes from the City General Fund and available Federal funding.

The City completed Phase 2 of Corning Community Park. The park added about 17 acres of new parkland in the City. Funding for the acquisition and development of the new park is largely made possible by a \$4.28 million Proposition 84 Grant the City received in 2010. The City can expect to incur additional park maintenance costs as a result of the new park.

For Fiscal Year 2014-2015 there were 43 full time City Employees. The City has a huge investment in those employees and they are the greatest asset of the City, a Service Company, and well worth retaining by maintaining stable employment. A Police Officer, for example costs the City between \$150,000 and \$200,000 in training and on-the-job experience. Most people do not realize the City of Corning operates with very little overhead.

The Police Departments leads through the Chief and three Sergeants; there are no Captains or Lieutenants employed at this time.

The Fire Department, an ISO Class 4 rated agency, is a one-hundred-year old Volunteer Department with no full time firefighters, saving the City over \$1 million per year.

The entire Public Works Department has eight 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.

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.

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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CITY OF CORNING
STATEMENT OF NET POSITION
June 30, 2015

Statement 1

	Primary Government		
	Governmental Activities	Business Activities	Total
<u>ASSETS</u>			
Cash and Investments (Note 3)			
Available for operations	\$ 2,785,048	\$ 2,032,865	\$ 4,817,913
Restricted	-	1,048,289	1,048,289
Receivables (net of allowance for uncollectable)			
Accounts Receivable	-	279,834	279,834
Intergovernmental Receivable	109,054	-	109,054
Receivable from Other Governments	49,948	-	49,948
Other Receivable	11,505	-	11,505
Loans Receivable (CDBG.)	4,117,136	-	4,117,136
Internal balances	-	-	-
Inventory	-	74,037	74,037
Due From Other Funds	(10,671)	-	(10,671)
Capital Assets (Note 2):			
Unamortized loan acquisition costs	-	74,802	74,802
Land and construction in progress	-	838,088	838,088
Depreciable assets, net	9,782,304	13,213,444	22,995,748
Total Assets	16,844,324	17,561,359	34,405,683
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	575,462	60,657	636,119
<u>LIABILITIES</u>			
Accounts Payable	109,806	167,529	277,335
Accrued Wages/Payroll Taxes	36,121	8,220	44,341
Accrued Interest Payable	7,429	121,724	129,153
Deposits	-	80,050	80,050
Other Accrued Liabilities	-	463	463
Accrued compensated absences:			
Due within one year	45,000	63,197	108,197
Due in more than one year	374,982	41,797	416,779
Long-term debt			
Due within one year	198,129	252,124	450,253
Due in more than one year	1,806,539	9,580,114	11,386,653
Net Pension Liability	3,422,714	360,776	3,783,490
Loans	-	-	-
Capital Leases	-	-	-
Total Liabilities	6,000,720	10,675,994	16,676,714
<u>DEFERRED INFLOWS OF RESOURCES</u>			
GASB 68 Actuarial Adjustments	1,084,100	114,270	1,198,370
Unearned Revenue	4,128,106	-	4,128,106
Total Deferred Inflows of Resources	5,212,206	114,270	5,326,476
<u>NET POSITION</u>			
Net investment in capital assets	7,777,636	4,219,294	11,996,930
Restricted for debt service	-	2,331,954	2,331,954
Unrestricted	(1,570,776)	280,504	(1,290,272)
Total Net Position	\$ 6,206,860	\$ 6,831,752	\$ 13,038,612

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2015

Statement 2

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government:						
City Council	\$ 27,103	\$ -	\$ -	\$ -	\$ (27,103)	\$ -
City Administration	148,011	-	-	-	(148,011)	-
City Clerk	18,061	-	-	-	(18,061)	-
City Treasurer	717	-	-	-	(717)	-
City Finance	54,301	-	-	-	(54,301)	-
General Government	544,415	108,313	-	-	(436,102)	-
Total General Government	792,608	108,313	-	-	(684,295)	-
Public Safety and Judiciary:						
Legal Services	59,871	-	-	-	(59,871)	-
Police	2,459,435	-	115,969	-	(2,343,466)	-
Police Dispatch	494,133	-	-	-	(494,133)	-
Animal Control	95,713	-	-	-	(95,713)	-
Fire	634,607	-	-	-	(634,607)	-
Total Public Safety and Judiciary	3,743,759	-	115,969	-	(3,627,790)	-
Transportation:						
Airport	-	-	-	-	-	-
Streets	705,462	-	-	460,282	(245,180)	-
Total Transportation	705,462	-	-	460,282	(245,180)	-
Cultural, Parks and Recreation						
Library	19,110	-	-	-	(19,110)	-
Theater	2,382	-	-	-	(2,382)	-
Parks and Recreation	429,554	33,393	-	1,284,656	888,495	-
Total Cultural, Parks and Recreation	451,046	33,393	-	1,284,656	867,003	-
Community/Economic Development:						
Economic Development	50,828	-	-	22,067	(28,761)	-
Total Community/Economic Development	50,828	-	-	22,067	(28,761)	-
Business-Type Activities						
Sewer	1,995,034	1,673,439	-	-	-	(321,595)
Water	1,387,318	1,338,293	-	-	-	(49,025)
Solid Waste	474,041	473,245	-	-	-	(796)
Airport	47,190	-	-	-	-	(47,190)
Transportation	16,022	-	-	-	-	(16,022)
Total Business-Type Activities	3,919,605	3,484,977	-	-	-	(434,628)
Total	\$ 9,663,308	\$ 3,626,683	115,969	1,767,005	(3,719,023)	(434,628)

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2015

Statement 2
(Continued)

CHANGES IN NET POSITION:

	Governmental	Business	
	Activities	Activities	Total
Net (Expense)/Revenue	\$ (3,719,023)	\$ (434,628)	\$ (4,153,651)
General Revenues:			
Taxes			
Sales and Use Taxes	2,712,917	-	2,712,917
Property Taxes	500,346	-	500,346
Franchise Taxes	114,192	-	114,192
Vehicle License Fees	518,093	-	518,093
Transit Occupancy Tax	344,295	-	344,295
Other Taxes	130,862	-	130,862
Intergovernmental	195,313	-	195,313
Investment Income	1,839	3,109	4,948
Donations	-	-	-
Other	183,609	77,479	261,088
Transfers - Internal Activity	4,000	2,800	6,800
Total General Revenues and Transfers	4,705,466	83,388	4,788,854
Change in Net Assets	986,443	(351,240)	635,203
Net Position - Beginning of Year	9,148,752	7,598,418	16,747,170
Prior Period Adjustment	(3,928,335)	(414,389)	(4,342,724)
Residual Equity Transfers In (Out)	-	-	-
Net Position - Ending of Year	\$ 6,206,860	\$ 6,832,789	\$ 13,039,649

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

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CITY OF CORNING
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

Statement 3

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,016,951	\$ 1,768,097	\$ 2,785,048
Intergovernmental Receivable	-	109,054	109,054
Notes Receivable (C.D.B.G.)	-	4,117,136	4,117,136
Receivable from Other Governments	49,948	-	49,948
Other Receivable	11,505	-	11,505
Due From Other Funds	136,400	-	136,400
Total Assets	<u>1,214,804</u>	<u>\$ 5,994,287</u>	<u>\$ 7,209,091</u>
LIABILITIES			
Accounts Payable	\$ 58,002	\$ 51,804	\$ 109,806
Accrued Wages/Payroll Taxes	36,121	-	36,121
Due to Other Funds	-	147,071	147,071
Accrued Interest Payable	7,351	-	7,351
Total Liabilities	<u>101,474</u>	<u>198,875</u>	<u>300,349</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - Grants	10,517	-	10,517
Deferred Revenue - Loans Receivable	-	4,117,589	4,117,589
Total Liabilities	<u>111,991</u>	<u>4,316,464</u>	<u>4,428,455</u>
FUND BALANCES			
Restricted for contingences	625,000	-	625,000
Assigned for future projects	477,813	-	477,813
Unassigned - Special Revenues Funds	-	1,340,693	1,340,693
Unassigned - Capital Projects Funds	-	337,130	337,130
Total Fund Balances	<u>1,102,813</u>	<u>1,677,823</u>	<u>2,780,636</u>
Total Liabilities and Fund Balances	<u>\$ 1,214,804</u>	<u>\$ 5,994,287</u>	<u>\$ 7,209,091</u>

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

Total Fund Balance - Total Governmental Funds	\$ 2,780,636
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.	9,782,304
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Deferred Outflows of Resources	575,462
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Deferred Inflows of Resources	\$ (1,084,100)
Pension obligation Bonds	(2,004,668)
Accrued Compensated Absences	(420,060)
Net Pension Liability	<u>(3,422,714)</u>
Net Assets of Governmental Activities	<u>\$ 6,206,860</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, 2015

Statement 4

	General fund	Non-Major Governmental funds	Total Governmental funds
REVENUES:			
Taxes	\$ 4,084,429	\$ 236,276	\$ 4,320,705
Intergovernmental Revenues	311,383	1,766,904	2,078,287
Interest	470	1,369	1,839
Licenses and Permits	66,006	-	66,006
Miscellaneous	141,707	117,599	259,306
Total Revenues	<u>4,603,995</u>	<u>2,122,148</u>	<u>6,726,143</u>
EXPENDITURES:			
Current:			
General Government:			
City Council	24,412	-	24,412
City Administration	133,319	-	133,319
City Clerk	16,268	-	16,268
City Treasurer	646	-	646
City Finance	48,911	-	48,911
General Government	<u>425,128</u>	<u>93,421</u>	<u>518,549</u>
Total General Government	<u>648,684</u>	<u>93,421</u>	<u>742,105</u>
Public Safety and Judiciary:			
Legal Services	53,928	-	53,928
Police	2,064,121	151,174	2,215,295
Police Dispatch	445,082	-	445,082
Animal Control	86,212	-	86,212
Fire	<u>571,612</u>	<u>-</u>	<u>571,612</u>
Total Public Safety and Judiciary	<u>3,220,955</u>	<u>151,174</u>	<u>3,372,129</u>
Transportation:			
Streets	<u>169,954</u>	<u>465,479</u>	<u>635,433</u>
Total Transportation	<u>169,954</u>	<u>465,479</u>	<u>635,433</u>
Cultural, Parks and Recreation			
Library	17,213	-	17,213
Theater	2,145	-	2,145
Parks and Recreation	<u>313,978</u>	<u>72,936</u>	<u>386,914</u>
Total Cultural, Parks and Recreation	<u>333,336</u>	<u>72,936</u>	<u>406,272</u>
Community/Economic Development:			
Economic Development	<u>23,500</u>	<u>22,283</u>	<u>45,783</u>
Total Community/Economic Development	<u>23,500</u>	<u>22,283</u>	<u>45,783</u>
Debt Service:			
Principal	97,443	-	97,443
Interest and Other Charges	188,046	-	188,046
Capital Outlay	<u>46,592</u>	<u>1,454,495</u>	<u>1,501,087</u>
Total Expenditures	<u>4,728,510</u>	<u>2,259,788</u>	<u>6,988,298</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(124,515)</u>	<u>(137,640)</u>	<u>(262,155)</u>
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	-	-	-
Transfers In / Out	<u>(61,000)</u>	<u>65,000</u>	<u>4,000</u>
Total Other Financing Sources and (Uses)	<u>(61,000)</u>	<u>65,000</u>	<u>4,000</u>
Net Change in Fund Balances	(185,515)	(72,640)	(258,155)
Fund Balances-Beginning of Year	1,285,233	1,750,463	3,035,696
Prior period adjustment	3,095	-	3,095
Fund Balances-End of Year	<u>\$ 1,102,813</u>	<u>\$ 1,677,823</u>	<u>\$ 2,780,636</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, 2015

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	\$	(258,155)
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Amounts reported for governmental activities in the Statement of
Activities and changes in net assets are different because:

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

Capital assets purchases capitalized	1,501,087	
Construction in progress - Park	-	
Infrastructure not included in depreciable assets	-	
Depreciation expense	<u>(281,392)</u>	1,219,695

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>	-

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

Capital lease obligation principal payments		-
---	--	---

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

Net Pension Liability		
Accrued compensated absences		<u>24,903</u>

Change in Net Assets of Governmental Activities	\$	<u>986,443</u>
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CITY OF CORNING
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

Statement 5

	Enterprise Funds
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash and Investments	\$ 2,032,865
Accounts Receivable	279,834
Inventory	74,037
Total Current Assets	<u>2,386,736</u>
<u>Noncurrent Assets:</u>	
Capital Assets:	
Property, Plant, and Equipment	26,244,831
Accumulated Depreciation	<u>(12,193,299)</u>
Net Capital Assets	<u>14,051,532</u>
Loan Acquisition Costs	136,807
Accumulated Amortization	<u>(62,005)</u>
Net Loan Acquisition Costs	<u>74,802</u>
Restricted Assets	<u>1,048,289</u>
Total Noncurrent Assets	<u>15,174,623</u>
Deferred Outflows of Resources	
Pension Contribution	<u>60,657</u>
Total Assets	<u><u>\$ 17,622,016</u></u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 167,529
Accrued Wages/Payroll Taxes	8,220
Other Accrued Liabilities	463
Accrued Interest Payable	121,724
Deposits	80,050
Current Portion of Non-Current Liabilities	<u>315,321</u>
Total Current Liabilities	<u>693,307</u>
<u>Noncurrent Liabilities:</u>	
Notes, Bonds and Certificates Payable	9,516,917
Accrued Compensated Absences	104,994
Net Pension Liability	360,776
Loans	<u>-</u>
Total Noncurrent Liabilities	<u>9,982,687</u>
Total Liabilities	<u>10,675,994</u>
<u>Deferred Inflows of Resources</u>	
GASB 68 Actuarial Adjustments	<u>114,270</u>
<u>NET POSITION:</u>	
Investment in Capital Assets, net of related debt	4,219,294
Restricted for debt service	2,331,954
Unrestricted	<u>280,504</u>
Total Net Position	<u><u>\$ 6,831,752</u></u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

Statement 6

	<u>Enterprise Funds</u>
OPERATING REVENUES:	
Charges for Services	
Sewer Charges	\$ 1,672,784
Water Charges	1,337,097
Solid Waste	473,245
Connection Fees	1,851
Lease and Rents	33,160
Other revenue	44,319
Total Operating Revenues	<u>3,562,456</u>
OPERATING EXPENSES:	
Salaries and Benefits	965,310
Utilities	298,427
Depreciation	683,398
Amortization	6,219
Other Expenses	1,519,543
Total Operating Expenses	<u>3,472,897</u>
Operating Income	<u>89,559</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	3,109
Interest expense	(446,708)
Total Nonoperating Revenue (Expenses)	<u>(443,599)</u>
Income Before Contributions and Transfers	(354,040)
Operating transfers in (out)	<u>2,800</u>
Net income (Loss)	(351,240)
Net Assets-Beginning of Year - As previously stated	7,597,381
Prior period adjustment	(414,389)
Net Position - Beginning of Year	7,182,992
Residual Equity Transfers In	-
Residual Equity Transfers Out	-
Net Position - End of Year	<u><u>\$ 6,831,752</u></u>

CITY OF CORNING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2015

Statement 7

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 3,395,517
Other Operating Cash Receipts	77,979
Payments to Suppliers	(1,727,389)
Payments to Employees	<u>(1,378,792)</u>
Net Cash Provided (Used) by Operating Activities	<u>367,315</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers from (to) other funds	<u>2,800</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest Paid	(446,708)
Repayment of Certificates of Participation	(258,517)
Loss on disposition of assets	-
Payments for capital acquisitions	<u>(27,444)</u>
Net cash (used by) capital and related financing activities	<u>(732,669)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Receipts of interest	<u>3,109</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(359,445)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,977,921</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>1,618,476</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ 89,559
Adjustments to Reconcile Net Income to Net Cash Provided by (Used by) Operating Activities:	
Depreciation/Amortization	689,617
Prior period adjustments	(414,389)
Decrease (Increase) in Accounts Receivable	(95,081)
Decrease (Increase) in Inventory	(733)
Decrease (Increase) in Other Assets	66,297
Increase (Decrease) in Accounts Payable	29,586
Increase (Decrease) in Wages Payable	87
Increase (Decrease) in Accrued Compensation	820
Increase (Decrease) in Due to Other Funds	(1,780)
Increase (Decrease) in Interest Payable	(2,789)
Increase (Decrease) in Deposits	<u>6,121</u>
Net cash from (used for) operating activities	\$ <u>367,315</u>

See accompanying notes to the basic financial statements.

CITY OF CORNING
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

Statement 8

	<u>Private Purpose Trust Funds</u>
<u>ASSETS</u>	
Cash and Investments	\$ 284,446
Total Assets	<u>\$ 284,446</u>
<u>Net Position</u>	
Held in trust for:	
Scholarships	\$ 26,526
Library Systems	261,872
Theater	<u>(3,952)</u>
Total Net Position	<u>\$ 284,446</u>

CITY OF CORNING
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

Statement 9

	<u>Private Purpose Trust Funds</u>
<u>Additions:</u>	
Interest Income	\$ 301
Total Revenues	<u>301</u>
<u>Deductions:</u>	
Scholarships	500
Capital Outlay	7,167
Other Deductions	<u>-</u>
Total Deductions	<u>7,667</u>
Excess (Deficiency) of Revenues	
Over Expenditures	<u>(7,366)</u>
Change in Net Position	<u>(7,366)</u>
Net Position - Beginning of the Year	<u>291,812</u>
Net Position - End of the Year	<u>\$ 284,446</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, 2015

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 there are no potential component units, based on the criteria above.

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 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
(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

Reporting Entity (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 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 (Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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)

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.

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.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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)

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.

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,

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

Basis of Presentation (Continued)

Major Funds (Continued)

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category this fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from miscellaneous receivables, grants and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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)

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 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

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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.

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

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government of Example's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions

Continued on following page.

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

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

to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Unearned 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.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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.

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.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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 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.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

New Pronouncements - Implemented

Governmental Accounting Standards Board Statement No. 68

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date*. The provisions of these statements are effective for financial statements for fiscal years beginning after June 15, 2014. As part of GASB 68 the City is required to record its share of the California Public Employees Retirement System's (CalPERS) and the Public Agency Retirement System's – Retirement Enhancement Plan (PARS-REP) net pension liability.

Governmental Accounting Standards Board Statement No. 69 and 70.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* have no impact on the City

Governmental Accounting Standards Board Statement No. 71

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68. The City adopted the provisions of GASB Statement No. 70, This statement establishes accounting and financial reporting for financial guarantees that are nonexchange transactions extended or received by the City. This pronouncement did not impact the preparation of these financial statements.

Deficit Fund Balance/Net Assets

See supplemental information on page 120.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3: DETAILED NOTES

Cash and Investments

As of June 30, 2015, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 5,962,636
Agency funds	<u>284,446</u>
Total Cash and Investments	\$ <u><u>6,247,082</u></u>

As of June 30, 2015, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 500
Deposits (less outstanding checks)	<u>4,462,473</u>
Total Cash	<u>4,462,973</u>

As of June 30, 2015, the City's investments consisted of the following:

Investments:	
In California Local Agency Investment Fund (at market):	<u>1,784,109</u>
Total Investments	<u>1,784,109</u>
Total Cash and Investments	\$ <u><u>6,247,082</u></u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$3,406,614 and the bank balance was \$3,754,419. 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 \$1,414,245 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

(Continued on the following page).

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3: DETAILED NOTES (Continued)

Cash and Investments (Continued)

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 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, 2015, 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, 2015, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$1,784,109. The total amount invested by all public agencies in LAIF on that day was \$162,337,937. 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, 2015

NOTE 3: DETAILED NOTES (Continued)

Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2015</u>
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	<u>72,115</u>	<u>1,028,840</u>	<u>-</u>	<u>(1,100,955)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>72,115</u>	<u>1,028,840</u>	<u>-</u>	<u>(1,100,955)</u>	<u>-</u>
Capital Assets, Being Depreciated:					
Buildings	1,639,886	-	-	-	1,639,886
Parks	2,863,196	-	-	1,100,955	3,964,151
Fire Department	1,269,964	8,500	-	-	1,278,464
Police Department	686,380	45,900	(11,486)	-	720,794
Machinery and equipment	692,238	-	-	-	692,238
Infrastructure	<u>5,339,935</u>	<u>253,248</u>	<u>-</u>	<u>-</u>	<u>5,593,183</u>
Total Capital Assets, Being Depreciated	12,491,599	307,648	(11,486)	1,100,955	13,888,716
Less Accumulated Depreciation	<u>(3,836,506)</u>	<u>(281,392)</u>	<u>11,486</u>	<u>-</u>	<u>(4,106,412)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,655,093</u>	<u>26,256</u>	<u>-</u>	<u>-</u>	<u>8,681,349</u>
Total Governmental Activities, Net	\$ <u>8,727,208</u>	\$ <u>1,055,096</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,782,304</u>
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 838,088	\$ -	\$ -	\$ -	\$ 838,088
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	560,332	27,444	-	-	587,776
Utility Property	<u>22,092,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,092,126</u>
Total Capital Assets, Being Depreciated	<u>25,379,298</u>	<u>27,444</u>	<u>-</u>	<u>-</u>	<u>25,406,742</u>
Less Accumulated Depreciation	<u>(11,509,900)</u>	<u>(683,398)</u>	<u>-</u>	<u>-</u>	<u>(12,193,298)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,869,398</u>	<u>(655,954)</u>	<u>-</u>	<u>-</u>	<u>13,213,444</u>
Total Business-type Activities, Net	\$ <u>14,707,486</u>	\$ <u>(655,954)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,051,532</u>

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3: DETAILED NOTES (Continued)

Capital Assets (Continued)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2015</u>
Loan Acquisition Costs:					
Loan Acquisition Costs	\$ 136,807	\$ -	\$ -	\$ -	\$ 136,807
Less Accumulated amortization	<u>(55,611)</u>	<u>(6,043)</u>	<u>-</u>	<u>-</u>	<u>(61,654)</u>
Loan Acquisition costs, net of amortization	\$ <u>81,196</u>	\$ <u>(6,043)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>75,153</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 38,831
Public Safety and Judiciary	183,411
Transportation	34,563
Culture Parks and Recreation	22,097
Community Economic Development	<u>2,490</u>
Total Depreciation Expense -- Governmental Functions	\$ <u>281,392</u>

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

Sewer	\$ 490,725
Solid Waste	-
Airport	33,132
Transportation	-
Water	<u>159,541</u>
Total Depreciation Expense - Business-Type Functions	\$ <u>683,398</u>

Unearned Revenue - Deferred Outflows/Inflows of Resources

The City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities as of June 30, 2015.

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3: DETAILED NOTES (Continued)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items to report in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds are unavailable revenues of \$2,079,313 related to long-term notes and loans receivable.

At June 30, 2015, the components of unearned revenue consisted of off-sets to notes receivable in the amount of \$4,117,589, in addition there was unearned revenue in the General Fund in the amount of \$10,517.

Long-term Debt

Long-term debt for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Adjustments/ Retirements	Balance June 30, 2015	Amounts Due Within One Year
Governmental Activities					
Pension Obligation Bonds	\$ 2,197,369	\$ -	\$ (192,701)	\$ 2,004,668	\$ 198,129
Compensated Absences (Note 1)	416,705	3,277	-	419,982	45,000
Total Government Activities	\$ 2,614,074	\$ 3,277	\$ (192,701)	\$ 2,424,650	\$ 243,129
Business-Type Activities					
1999 Certificates of Participation	\$ 3,540,900	\$ -	\$ (75,700)	\$ 3,465,200	\$ 73,200
2005 Certificates of Participation	1,840,000	-	(95,000)	1,745,000	95,000
2005 Revenue Refunding Bonds	3,886,000	-	(59,000)	3,827,000	62,000
Clark Well Loan	592,239	-	(8,497)	583,742	8,773
Pension Obligation Bonds	231,616	-	(20,321)	211,295	20,871
Compensated Absences (Note 1)	104,174	-	820	104,994	63,197
Total Business-Type Activities	\$ 10,194,929	\$ -	\$ (257,698)	\$ 9,937,231	\$ 323,041

At June 30, 2015, loans consisted of the following:

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3: DETAILED NOTES (Continued)

Long-term Debt (Continued)

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 on pages 56 through 59.

Installment Purchase Agreement - Clark Well

The City also entered into an installment purchase agreement, with the Corning Public Financing Authority on August 1, 2014 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.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3: DETAILED NOTES (Continued)

Long-term Debt (Continued)

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. 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, 2015, the City of Corning issued \$2,579,000 in 2014 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 2015 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, 2015, are disclosed in the other disclosures section on pages 54 through 59.

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CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3: DETAILED NOTES (Continued)

Operating Leases

Rental expenses incurred under operating leases are not considered material.

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, 2015:

<u>Due To:</u>		<u>Due From:</u>	
General Fund	\$ 136,400	Equipment Replacement Fund	\$ 1,240
		Pedestrian Transportation Grant	30
		Rogers Theater Restoration Fund	45,072
		General Plan Update Fund	18,663
		Proposition 84 Park Bond Fund	23,536
		Program Income Fund	1,528
		Cal Recycle - Bark	44,088
		Sewer Capital Improvement Fund	2,243
Total	\$ <u>136,400</u>		\$ <u>136,400</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, 2015:

<u>Transfer From:</u>		<u>Transfer To:</u>	
General Fund	\$ 69,500	Police Equipment Replacement	\$ 30,000
		Fire Equipment Replacement	39,500
Sewer Enterprise Fund	320,600	WWTP Debt Service Fund	240,000
		WWTP Capital Replacement Fund	60,000
		Sewer Capital Reserve Fund	20,600
Water Enterprise Fund	112,200	Water Capital Replacement Fund	109,400
		Water Well Loan Fund	2,800
Equipment Replacement Fund	20,000	General Fund	20,000
Water Capital Replacement fund	<u>27,000</u>	Short Lived Water Reserve Fund	<u>27,000</u>
Total	\$ <u>549,300</u>		\$ <u>549,300</u>

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: Retirement Plans

A. General Information about the Pension Plans

Plan Description

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

Benefit Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Employees Covered by Benefit Terms

At June 30, 2013, the valuation date, the following employees were covered by the benefit terms:

	Safety Plan			Miscellaneous Plan		
	<u>First Tier</u>	<u>Second Tier</u>	<u>Third Tier</u>	<u>First Tier</u>	<u>Second Tier</u>	<u>Third Tier</u>
Hire date	Prior to 01/01/2013	On or after 01/01/2013	-	Prior to 01/01/2013	On or after 01/01/2013	-
Benefit formula	3%@55	3%@55	-	2%@55	2%@60	-
Vesting schedule	5 years	5 Years	-	5 Years	5 Years	-
Benefit payments	-----Monthly for Life-----			-----Monthly for Life-----		
Retirement age	55	55	-	60	60	-
Monthly benefits as a % of eligible compensation	3%	3%	-	2%	2%	-
Required employee contribution rate	9%	9%	-	7%	7%	-
Required employer contribution rate	49.203%	20.057%	-	14.198%	7.846%	-

The City's Third Tier plans are currently considered unfunded so no additional disclosures are provided.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: Retirement Plans (Continued)

A. General Information about the Pension Plans (Continued)

Contributions

Section 20814© of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Contributions - Employer	\$ 322,964	\$ 170,665
Contributions - Employee (Paid by employer)	\$ 62,556	\$ 79,934

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

As of June 30, 2015, the Local Government reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Safety Plan</u>	<u>Safety Plan - Second Tier</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>
Proportionate shares of the net pension liability	\$ <u>2,114,718</u>	\$ <u>2,988</u>	\$ <u>1,664,056</u>	\$ <u>1,737</u>

The Local Government's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Local Government's proportion of the net pension liability was based on a projection of the Local Government's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Local Government's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: Retirement Plans (Continued)

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

	<u>Safety Plan</u>	<u>Safety Plan - Second Tier</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>
Proportion - June 30, 2013	.0585%	.0001%	.0694%	.0000%
Proportion - June 30, 2014	.0563%	.0001%	.0673%	.0000%
Change, Increase (Decrease)	<u>(.0022%)</u>	<u>.0000%</u>	<u>(.0021%)</u>	<u>.0000%</u>

For the year ended June 30, 2015, the Local Government recognized pension expense of \$744,192. At June 30, 2015, the Local Government reported deferred outflows of resources related to pensions from the following sources:

	<u>Safety Plan</u>	<u>Safety Plan - Second Tier</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>
Pension contributions subsequent to measurement date	\$ 385,520	\$ -	\$ 250,599	\$ -
Differences between actual and expected experience	-	-	-	-
Changes in assumptions	-	-	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	27,485	-
Total	<u>\$ 385,520</u>	<u>\$ -</u>	<u>\$ 278,084</u>	<u>\$ -</u>

At June 30, 2015, the Local Government reported deferred inflows of resources related to pensions from the following sources:

	<u>Safety Plan</u>	<u>Safety Plan - Second Tier</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>
Differences between actual and expected Investment experience	\$ (638,503)	\$ (902)	\$ (559,200)	\$ (584)
Changes in assumptions	-	-	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	(12,579)	(6,959)	-	(7,142)
Total	<u>\$ (651,082)</u>	<u>\$ (7,861)</u>	<u>\$ (559,200)</u>	<u>\$ (7,726)</u>

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: Retirement Plans (Continued)

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

\$636,119 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30,</u>	<u>Safety Plan</u>	<u>Safety Plan - Second Tier</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>
2016	\$ (164,118)	\$ (2,712)	\$ (129,984)	\$ (2,692)
2017	(164,118)	(2,712)	(129,984)	(2,692)
2018	(163,221)	(2,213)	(131,947)	(2,181)
2019	(159,625)	(224)	(139,800)	(146)
2020	-	-	-	-
Thereafter	-	-	-	-

Actuarial Methods and Assumption Used to Determine Total Pension Liability

The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Safety Plan</u>	<u>Safety Plan - Second Tier</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>
Valuation Date	-----June 30, 2013-----			
Measurement Date	-----June 30, 2014-----			
Actuarial Cost Method	-----Entry-age Normal Cost Method-----			
Actuarial Assumptions				
Discount Rate	-----7.50%-----			
Inflation	-----2.75%-----			
Payroll Growth Rate	-----3.00%-----			
Projected Salary Increases	-----Varies by Entry Age and Service-----			
Interment Rate of Return	-----7.50%----- ⁽²⁾			
Mortality	-----Derived using CalPERS Membership Data for all funds----- ⁽¹⁾			

⁽¹⁾ Mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

⁽²⁾ Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

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CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: Retirement Plans (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: Retirement Plans (Continued)

Discount Rate (Continued)

present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ¹
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

¹ An expected inflation of 2.5% and 3.0% used for Years 1-10 and Years 11+, respectively.

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

The following presents the Local Government's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Local Government's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Safety Plan</u>	<u>Safety Plan - Second Tier</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>
1% Decrease	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	\$ 3,639,157	\$ 5,142	\$ 2,964,833	\$ 3,095
Current Discount Rate	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	\$ 2,114,718	\$ 2,988	\$ 1,664,056	\$ 1,737
1% Increase	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	\$ 858,647	\$ 1,213	\$ 584,535	\$ 610

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: Retirement Plans (Continued)

Pension Plan Fiduciary Net Position

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

NOTE 5: OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City participates in the CalPERS medical program as permitted under the Public Employees' Medical and Hospital and Care Act (PEMHCA). As such, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. Based on CalPERS' requirements and the terms of the PEMHCA resolutions, the City is currently obligated to provide the greater of the following amounts to its retirees:

NOTE 6: RISK MANAGEMENT

Description of Joint Powers Authority

The City is a member of the Northern California Cities Self Insurance Fund a 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 2015. 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

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 6: RISK MANAGEMENT Continued)

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.

Condensed Financial Information of the Authority

Noted below is a condensed balance sheet of the Authorities Combined Worker's Compensation Insurance and Liability Insurance Fund as of June 30, 2014:

Assets	\$ <u>46,940,001</u>
Liabilities	<u>36,876,069</u>
Fund Equity-Reserved for Insurance	
Claims and Losses:	<u>10,063,932</u>
Total Fund Equity	<u>10,063,932</u>
Total Liabilities and Fund Equity	\$ <u>46,940,001</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, 2015, 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.

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

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7: OTHER INFORMATION (Continued)

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

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, 2015. 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 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, 2015 and May 3, 2015. 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.

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	2015	\$ 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

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 7: OTHER INFORMATION (Continued)

Subsequent Event

Management has evaluated events subsequent to June 30, 2015 through March 14, 2016, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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 uncollectible. As those events occur, the City's practice is to review enforcement action on a case by case basis.

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.

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, 2015, are outlined below followed by explanations as to the nature and purpose of each reserve:

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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.

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.

<u>Reserve</u>	<u>General Fund</u>	<u>Fiduciary Funds</u>
Reserve for Contingencies	\$ 625,000	\$ -
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.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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.

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.

NOTE 13: PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

The prior period adjustments are due to the implementation of GASB No. 68 to record opening balance of the net pension liability:

The Statement of Activities has a prior period adjustment in the amount of \$4,345,819 and the net effect of that adjustment decreased the net position of the Governmental funds by \$3,931,430 and the Water and Sewer funds by \$268,589 and \$145,800 correspondingly.

Other minor adjustments to General Fund equaled a \$3,095 increase in fund equity.

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REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

CITY OF CORNING, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015, for the City other Post-Employment Benefit Plan. As additional years are available, a three-year trend analysis will be presented.

Miscellaneous Plan:

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (UAAL)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
July 1, 2009	\$ 1,094,063	\$ -	\$ 1,094,063	0%	\$ 2,953,000	37.05%
July 1, 2013	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, 2015**

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, 2015

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
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>\$ 3,094,800</u>	<u>\$ 249,100</u>

Clark Well	
Installment Purchase Agreement	
Maturity Date (March 1)	Clark Park Municipal Water Project
	Principal Amount
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>\$ 583,741</u>

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

2005 Revenue Refunding Bond				
Installment Payment Schedule for Bonded Debt				
Series A Bonds			Series B Bonds	
Principal Amount	Maturity Date (September 1)		Principal Amount	Maturity Date (September 1)
\$ 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
193,000	2046		22,000	2046
\$ <u>3,424,000</u>			\$ <u>403,000</u>	

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

2005 Certificates of Participation
Installment Payment Schedule for Certificates

<u>Series A Certificates</u>	
<u>Principal Amount</u>	<u>Maturity Date (August 15)</u>
\$ 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>\$ 1,745,000</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>
\$ 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>\$ 2,004,668</u>	<u>\$ 136,976</u>	<u>\$ 74,356</u>	<u>\$ 2,216,000</u>	

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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, 2015 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, 2015 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.

CITY OF CORNING
GENERAL FUND
Balance Sheet
June 30, 2015

Exhibit A-1

	<u>General Fund</u>
ASSETS	
Cash and Investments	\$ 1,016,951
Interest Receivable	-
Accounts Receivable	-
Receivable from Other Governments	49,948
Other Receivable	11,505
Due From Other Funds	<u>136,400</u>
 Total Assets	 \$ <u><u>1,214,804</u></u>
LIABILITIES	
Accounts Payable	\$ 58,002
Accrued Wages/Payroll Taxes	36,121
Accrued Interest Payable	<u>7,351</u>
Total Liabilities	<u>101,474</u>
 DEFERRED INFLOWS OF RESOURCES:	
Deferred Revenue - Grants	<u>10,517</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>111,991</u>
 FUND EQUITY	
Reserved for contingencies	625,000
Assigned for future projects	<u>477,813</u>
 Total Fund Balances	 <u>1,102,813</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ <u><u>1,214,804</u></u>

CITY OF CORNING
GENERAL FUND

Exhibit A-2

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2015

	General Fund
REVENUES:	
Taxes	\$ 4,084,429
Intergovernmental Revenues	311,383
Interest	470
Licenses and Permits	66,006
Miscellaneous	141,707
Total Revenues	<u>4,603,995</u>
EXPENDITURES:	
Current:	
General Government:	
City Council	24,412
City Administration	133,319
City Clerk	16,268
City Treasurer	646
City Finance Department	48,911
General Government	425,128
Total General Government	<u>648,684</u>
Public Safety and Judiciary:	
Legal Services	53,928
Police	2,064,121
Police Dispatch	445,082
Animal Control	86,212
Fire	571,612
Total Public Safety and Judiciary	<u>3,220,955</u>
Transportation:	
Airport	
Streets	169,954
Total Transportation	<u>169,954</u>
Cultural, Parks and Recreation	
Library	17,213
Theater	2,145
Parks and Recreation	313,978
Total Cultural, Parks and Recreation	<u>333,336</u>

Continued on the following page

CITY OF CORNING

Exhibit A-2

GENERAL FUND**Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2015****General
Fund****EXPENDITURES (Continued):**

Community/Economic Development:

Economic Development 23,500

Total Community/Economic Development 23,500

Debt Service:

Principal 97,443

Interest and Other Charges 188,046

Capital Outlay 46,592

Total Expenditures 4,728,510

Excess (Deficiency) of Revenues Over
Expenditures (124,515)**OTHER FINANCING SOURCES (USES)**

Transfers In 18,400

Transfers Out (79,400)

Total Other Financing Sources and Uses (61,000)

Net Change in Fund Balances (185,515)

Fund Balance-Beginning as previously stated 1,285,233

As previously stated

Prior period adjustments 3,095

Prior period Adjustment 3,095

Fund Balance-Beginning 1,288,328

Fund Balance-Ending \$ 1,102,813

CITY OF CORNING
GENERAL FUND

Exhibit A-3

**Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
Resources (Inflows):				
Taxes				
Sales and Use Taxes	\$ 2,711,000	2,711,000	\$ 2,607,503	\$ (103,497)
Property Taxes	481,600	481,600	500,346	18,746
Franchise Taxes	106,000	106,000	114,192	8,192
Vehicle License Fees	510,000	510,000	518,093	8,093
Transient Occupancy Tax	300,000	300,000	344,295	44,295
Other Taxes	8,000	8,000	-	(8,000)
Total Taxes	4,116,600	4,116,600	4,084,429	(32,171)
Intergovernmental Revenues	241,600	241,600	311,383	69,783
Interest	1,000	1,000	470	(530)
Licenses and Permits	49,000	49,000	66,006	17,006
Miscellaneous	135,210	135,210	141,707	6,497
Other Financing Sources:				
Operating Transfers In	18,400	18,400	18,400	-
Amount Available for Appropriation	4,561,810	4,561,810	4,622,395	60,585
Charges to Appropriations (Outflows):				
City Council				
Personnel Services	18,000	18,000	19,377	(1,377)
Material and Supplies	900	900	901	(1)
Other Services and Charges	5,200	5,200	4,134	1,066
Total City Council	24,100	24,100	24,412	(312)
City Administration				
Personnel Services	128,326	128,326	130,652	(2,326)
Material and Supplies	1,350	1,350	353	997
Other Services and Charges	2,000	2,000	2,314	(314)
Total City Administration	131,676	131,676	133,319	(1,643)
City Clerk				
Personnel Services	4,200	4,200	4,521	(321)
Material and Supplies	11,500	11,500	802	10,698
Other Services and Charges	250	250	10,945	(10,695)
Total City Clerk	15,950	15,950	16,268	(318)
City Treasurer				
Personnel Services	600	600	646	(46)
Material and Supplies	-	-	-	-
Other Services and Charges	-	-	-	-
Total City Treasurer	600	600	646	(46)
City Finance Department				
Personnel Services	22,934	22,934	21,041	1,893
Material and Supplies	2,000	2,000	4,820	(2,820)
Other Services and Charges	23,340	23,340	23,050	290
Total City Finance Department	48,274	48,274	48,911	(637)

(Continued)

CITY OF CORNING
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2015

Exhibit A-3

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government				
Personnel Services	125,626	125,626	159,151	(33,525)
Material and Supplies	246,801	246,801	15,270	231,531
Other Services and Charges	43,000	43,000	250,707	(207,707)
Total General Government	415,427	415,427	425,128	(9,701)
Legal Services				
Other Services and Charges	59,260	59,260	53,928	5,332
Total Legal Services	59,260	59,260	53,928	5,332
Police				
Personnel Services	1,966,420	1,966,420	1,992,212	(25,792)
Material and Supplies	5,000	5,000	6,978	(1,978)
Other Services and Charges	90,170	90,170	64,931	25,239
Total Police	2,061,590	2,061,590	2,064,121	(2,531)
Police Dispatch				
Personnel Services	466,471	466,471	362,777	103,694
Material and Supplies	6,000	6,000	5,180	820
Other Services and Charges	75,000	75,000	77,125	(2,125)
Total Police Dispatch	547,471	547,471	445,082	102,389
Animal Control				
Personnel Services	66,605	66,605	67,455	(850)
Material and Supplies	3,850	3,850	5,799	(1,949)
Other Services and Charges	15,700	15,700	12,958	2,742
Total Animal Control	86,155	86,155	86,212	(57)
Fire				
Personnel Services	483,104	483,104	493,806	(10,702)
Material and Supplies	13,900	13,900	7,766	6,134
Other Services and Charges	60,350	60,350	70,040	(9,690)
Total Fire	557,354	557,354	571,612	(14,258)
Streets				
Personnel Services	239,070	239,070	89,781	149,289
Material and Supplies	68,000	68,000	110	67,890
Other Services and Charges	200	200	80,063	(79,863)
Total Streets	307,270	307,270	169,954	137,316
Library				
Personnel Services	-	-	-	-
Material and Supplies	5,491	5,491	5,438	53
Other Services and Charges	12,800	12,800	11,775	1,025
Total Library	18,291	18,291	17,213	1,078
Theater				
Personnel Services	-	-	-	-
Material and Supplies	-	-	-	-
Other Services and Charges	2,200	2,200	2,145	55
Total Theater	2,200	2,200	2,145	55

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

CITY OF CORNING
GENERAL FUND

Exhibit A-3
(Continued)

**Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual**
For the Fiscal Years ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation				
Personnel Services	150,170	150,170	192,704	(42,534)
Material and Supplies	55,750	55,750	37,177	18,573
Other Services and Charges	79,218	79,218	84,097	(4,879)
Total Parks and recreation	<u>285,138</u>	<u>285,138</u>	<u>313,978</u>	<u>(28,840)</u>
Economic Development				
Personnel Services	-	-	-	-
Material and Supplies	-	-	-	-
Other Services and Charges	23,500	23,500	23,500	-
Total Economic Development	<u>23,500</u>	<u>23,500</u>	<u>23,500</u>	<u>-</u>
Debt Service	286,200	286,200	285,489	711
Capital Outlay	-	-	46,592	(46,592)
Operating Transfer Out	<u>79,400</u>	<u>79,400</u>	<u>79,400</u>	<u>-</u>
 Total Charges to Appropriations	 <u>4,949,856</u>	 <u>4,949,856</u>	 <u>4,807,910</u>	 <u>141,946</u>
 Excess (Deficiency) of Resources Over Appropriations	 \$ <u>(388,046)</u>	 <u>(388,046)</u>	 \$ <u>(185,515)</u>	 \$ <u>202,531</u>

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Business License ADA (Fund 080)	Rural Planning Fund (Fund 105)	Federal TEA Fund (Fund 108)
ASSETS			
Cash and Cash Equivalents	\$ 815	\$ 11,846	\$ 109,223
Intergovernmental Receivable	-	5,582	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	-	-	-
Total Assets	\$ <u>815</u>	\$ <u>17,428</u>	\$ <u>109,223</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 340	\$ 347
Due to Other Funds	-	-	-
Total Liabilities	-	340	347
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	340	347
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>815</u>	<u>17,088</u>	<u>108,876</u>
Total Fund Balance (Deficit)	<u>815</u>	<u>17,088</u>	<u>108,876</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>815</u>	\$ <u>17,428</u>	\$ <u>109,223</u>

(Continued)

Exhibit B-1

Special Gas Tax Improvement #2105 Fund (Fund 109)	Special Gas Tax Improvement #2106 Fund (Fund 110)	Special Gas Tax Improvement #2107 Fund (Fund 111)	Special Gas Tax Improvement #2107.5 Fund (Fund 112)	Subtotal (Carried forward to next page)
\$ 122,648	\$ 66,524	\$ 62,494	\$ 4,668	\$ 378,218
-	-	-	-	5,582
-	-	-	-	-
-	-	-	-	-
<u>122,648</u>	<u>66,524</u>	<u>62,494</u>	<u>4,668</u>	<u>383,800</u>
\$ -	\$ 52	\$ -	\$ 1,303	\$ 2,042
-	-	-	-	-
-	52	-	1,303	2,042
-	-	-	-	-
-	52	-	1,303	2,042
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>122,648</u>	<u>66,472</u>	<u>62,494</u>	<u>3,365</u>	<u>381,758</u>
<u>122,648</u>	<u>66,472</u>	<u>62,494</u>	<u>3,365</u>	<u>381,758</u>
\$ <u>122,648</u>	\$ <u>66,524</u>	\$ <u>62,494</u>	\$ <u>4,668</u>	\$ <u>383,800</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Subtotal (Brought forward)	Local Transportation Fund (Fund 114)	Special Gas Tax Improvement # 2103 Fund (Fund 115)
ASSETS			
Cash and Cash Equivalents	\$ 378,218	\$ 73,292	\$ 138,502
Intergovernmental Receivable	5,582	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	-	-	-
Total Assets	\$ 383,800	\$ 73,292	\$ 138,502
LIABILITIES			
Accounts Payable	\$ 2,042	\$ 1,858	\$ 784
Due to Other Funds	-	-	-
Total Liabilities	2,042	1,858	784
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	-	-	-
Total Liabilities and Deferred Inflows of Resources	2,042	1,858	784
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	381,758	71,434	137,718
Total Fund Balance (Deficit)	381,758	71,434	137,718
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 383,800	\$ 73,292	\$ 138,502

(Continued)

Exhibit B-1
(Continued)

	Traffic Mitigation Fund (Fund 116)	Safe Route To School (Fund 118)	CDBG Streets (Fund 119)	Rogers Theater Restoration (Fund 130)	Subtotal (Carried forward to next page)
\$	137,338	\$ 1,963	\$ 452,577	\$ -	\$ 1,181,890
	-	-	-	-	5,582
	-	-	-	-	-
	-	-	-	-	-
\$	<u>137,338</u>	\$ <u>1,963</u>	\$ <u>452,577</u>	\$ <u>-</u>	\$ <u>1,187,472</u>
\$	1,301	\$ -	\$ -	\$ 39	\$ 6,024
	-	-	-	965	965
	<u>1,301</u>	-	-	<u>1,004</u>	<u>6,989</u>
	-	-	-	-	-
	<u>1,301</u>	-	-	<u>1,004</u>	<u>6,989</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>136,037</u>	<u>1,963</u>	<u>452,577</u>	<u>(1,004)</u>	<u>1,180,483</u>
	<u>136,037</u>	<u>1,963</u>	<u>452,577</u>	<u>(1,004)</u>	<u>1,180,483</u>
\$	<u>137,338</u>	\$ <u>1,963</u>	\$ <u>452,577</u>	\$ <u>-</u>	\$ <u>1,187,472</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Subtotal (Brought forward)	Pedestrian Transportation Grant (Fund 145)	Flood Mitigation FEMA (Fund 152)
ASSETS			
Cash and Cash Equivalents	\$ 1,181,890	\$ -	\$ 708
Intergovernmental Receivable	5,582	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	-	-	-
Total Assets	\$ <u>1,187,472</u>	\$ <u>-</u>	\$ <u>708</u>
LIABILITIES			
Accounts Payable	\$ 6,024	\$ 22,228	\$ -
Due to Other Funds	965	27	-
Total Liabilities	<u>6,989</u>	<u>22,255</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>6,989</u>	<u>22,255</u>	<u>-</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,180,483</u>	<u>(22,255)</u>	<u>708</u>
Total Fund Balance (Deficit)	<u>1,180,483</u>	<u>(22,255)</u>	<u>708</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>1,187,472</u>	\$ <u>-</u>	\$ <u>708</u>

(Continued)

Exhibit B-1
(Continued)

BCJI Program (Fund 166)	General Plan Update (Fund 302)	SALDO Home Loan Fund (Fund 321, 825)	Subtotal (Carried forward to next page)
\$ 7,332	\$ -	\$ -	\$ 1,189,930
-	-	-	5,582
-	-	-	-
-	-	3,900,000	3,900,000
<u>\$ 7,332</u>	<u>\$ -</u>	<u>\$ 3,900,000</u>	<u>\$ 5,095,512</u>
\$ -	\$ 21,705	\$ -	\$ 49,957
-	42,607	-	43,599
-	64,312	-	93,556
-	-	3,900,000	3,900,000
-	64,312	3,900,000	3,993,556
-	-	-	-
-	-	-	-
-	-	-	-
<u>7,332</u>	<u>(64,312)</u>	<u>-</u>	<u>1,101,956</u>
<u>7,332</u>	<u>(64,312)</u>	<u>-</u>	<u>1,101,956</u>
<u>\$ 7,332</u>	<u>\$ -</u>	<u>\$ 3,900,000</u>	<u>\$ 5,095,512</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Subtotal (Brought forward)	CDBG Program Inc. Unrestricted (Fund 323, 820)	90/STBG/491 Grant Fund (Fund 324)
ASSETS			
Cash and Cash Equivalents	\$ 1,189,930	\$ 8,139	\$ -
Intergovernmental Receivable	5,582	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>3,900,000</u>	<u>77,869</u>	<u>-</u>
Total Assets	\$ <u>5,095,512</u>	\$ <u>86,008</u>	\$ <u>-</u>
LIABILITIES			
Accounts Payable	\$ 49,957	\$ -	\$ -
Due to Other Funds	<u>43,599</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>93,556</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>3,900,000</u>	<u>77,869</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,993,556</u>	<u>77,869</u>	<u>-</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,101,956</u>	<u>8,139</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>1,101,956</u>	<u>8,139</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>5,095,512</u>	\$ <u>86,008</u>	\$ <u>-</u>

(Continued)

Exhibit B-1
(Continued)

CDBG Economic Reuse (Fund 325, 823)	CDBG Housing Reuse (Fund 326, 821, 822, 824)	Housing Acquisition RLF Fund (Fund 327)	Housing Rehabilitation RLF Fund (Fund 328)	Subtotal (Carried forward to next page)
\$ 2,054	\$ 1,200	\$ -	\$ -	\$ 1,201,323
-	-	-	-	5,582
-	-	-	-	-
<u>12,586</u>	<u>126,681</u>	<u>-</u>	<u>-</u>	<u>4,117,136</u>
\$ <u>14,640</u>	\$ <u>127,881</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,324,041</u>
\$ 81	\$ -	\$ -	\$ -	\$ 50,038
-	-	-	-	43,599
<u>81</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,637</u>
<u>12,586</u>	<u>126,681</u>	<u>-</u>	<u>-</u>	<u>4,117,136</u>
<u>12,667</u>	<u>126,681</u>	<u>-</u>	<u>-</u>	<u>4,210,773</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,973</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,113,268</u>
<u>1,973</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,113,268</u>
\$ <u>14,640</u>	\$ <u>127,881</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,324,041</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Subtotal (Brought forward)	New Construction Grant RLF (Fund 329)	SALADO Wall Fund (Fund 344)
ASSETS			
Cash and Cash Equivalents	\$ 1,201,323	\$ -	\$ 92,219
Intergovernmental Receivable	5,582	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>4,117,136</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>5,324,041</u>	\$ <u>-</u>	\$ <u>92,219</u>
LIABILITIES			
Accounts Payable	\$ 50,038	\$ -	\$ -
Due to Other Funds	<u>43,599</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>93,637</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>4,117,136</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,210,773</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,113,268</u>	<u>-</u>	<u>92,219</u>
Total Fund Balance (Deficit)	<u>1,113,268</u>	<u>-</u>	<u>92,219</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>5,324,041</u>	\$ <u>-</u>	\$ <u>92,219</u>

(Continued)

Exhibit B-1
(Continued)

Drainage Fund (Fund 345)	Parks/Rec Revolving Fund (Fund 352)	Prop 84 Park Bond Fund (Fund 354)	Trail Development Fund (Fund 356)	Subtotal (Carried forward to next page)
\$ 92,903	\$ 2,786	\$ 452	\$ 5,871	\$ 1,395,554
-	-	-	-	5,582
-	-	-	-	-
-	-	-	-	4,117,136
<u>\$ 92,903</u>	<u>\$ 2,786</u>	<u>\$ 452</u>	<u>\$ 5,871</u>	<u>\$ 5,518,272</u>
\$ -	\$ 86	\$ -	\$ -	\$ 50,124
-	-	-	-	43,599
-	86	-	-	93,723
-	-	453	-	4,117,589
-	86	453	-	-
-	-	-	-	4,211,312
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
92,903	2,700	(1)	5,871	1,306,960
92,903	2,700	(1)	5,871	1,306,960
-	-	-	-	-
<u>\$ 92,903</u>	<u>\$ 2,786</u>	<u>\$ 452</u>	<u>\$ 5,871</u>	<u>\$ 5,518,272</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Subtotal (Brought forward)	CalRecycle Bark Fund (Fund 358)	Curbs and Gutter Fund (Fund 365)
ASSETS			
Cash and Cash Equivalents	\$ 1,395,554	\$ -	\$ 480
Intergovernmental Receivable	5,582	103,472	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>4,117,136</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>5,518,272</u>	\$ <u>103,472</u>	\$ <u>480</u>
LIABILITIES			
Accounts Payable	\$ 50,124	\$ -	\$ -
Due to Other Funds	<u>43,599</u>	<u>103,472</u>	<u>-</u>
Total Liabilities	<u>93,723</u>	<u>103,472</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>4,117,589</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,211,312</u>	<u>103,472</u>	<u>-</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,306,960</u>	<u>-</u>	<u>480</u>
Total Fund Balance (Deficit)	<u>1,306,960</u>	<u>-</u>	<u>480</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>5,518,272</u>	\$ <u>103,472</u>	\$ <u>480</u>

Exhibit B-1
(Continued)

Wayfinding Maintenance Fund (Fund 370)	Lighting & Landscape Fund (Fund 701)	Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Total
\$ 1,206	\$ 744	\$ 22,702	\$ 8,853	\$ 1,429,539
-	-	-	-	109,054
-	-	-	-	-
-	-	-	-	4,117,136
<u>\$ 1,206</u>	<u>\$ 744</u>	<u>\$ 22,702</u>	<u>\$ 8,853</u>	<u>\$ 5,655,729</u>
\$ -	\$ 61	\$ -	\$ 191	\$ 50,376
-	-	-	-	147,071
-	61	-	191	197,447
-	-	-	-	4,117,589
-	61	-	191	4,315,036
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,206</u>	<u>683</u>	<u>22,702</u>	<u>8,662</u>	<u>1,340,693</u>
<u>1,206</u>	<u>683</u>	<u>22,702</u>	<u>8,662</u>	<u>1,340,693</u>
-	-	-	-	-
<u>\$ 1,206</u>	<u>\$ 744</u>	<u>\$ 22,702</u>	<u>\$ 8,853</u>	<u>\$ 5,655,729</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2015

	Business License ADA (Fund 080)	Rural Planning Fund (Fund 105)	Federal TEA Fund (Fund 108)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ 26,582	\$ 104,783
Interest	1	10	90
Other Revenues	389	-	-
Total revenues	390	26,592	104,873
EXPENDITURES:			
Current:			
General Government:			
General Government	106	12,767	-
Total General Government	106	12,767	-
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Streets	-	-	97,633
Total Transportation	-	-	97,633
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	106	12,767	97,633
Excess (Deficiency) of Revenues Over Expenditures	284	13,825	7,240
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	-	-	-
Net Change in Fund Balances	284	13,825	7,240
Fund Balances-Beginning of Year	531	3,263	101,636
Residual Equity Transfers In / Out	-	-	-
Fund Balances-Ending of Year	\$ 815	\$ 17,088	\$ 108,876

(Continued)

Exhibit B-2

Special Gas Tax Improvement #2105 Fund (Fund 109)	Special Gas Tax Improvement #2106 Fund (Fund 110)	Special Gas Tax Improvement #2106 Fund (Fund 111)	Special Gas Tax Improvement #2107.5 Fund (Fund 112)	Subtotal (Carried forward to next page)
\$ 41,753	\$ 31,731	\$ 53,378	\$ 4,000	\$ 262,227
114	64	60	4	343
-	-	-	-	389
41,867	31,795	53,438	4,004	262,959
-	-	-	-	12,873
-	-	-	-	12,873
-	-	-	-	-
-	-	-	-	-
18,848	35,456	52,389	3,226	207,552
18,848	35,456	52,389	3,226	207,552
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
18,848	35,456	52,389	3,226	220,425
23,019	(3,661)	1,049	778	42,534
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
23,019	(3,661)	1,049	778	42,534
99,629	70,133	61,445	2,587	339,224
-	-	-	-	-
\$ 122,648	\$ 66,472	\$ 62,494	\$ 3,365	\$ 381,758

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, 2015

	Subtotal (Brought forward)	Local Transportation Fund (Fund 114)	Special Gas Tax Improvement # 2103 Fund (Fund 115)
REVENUES:			
Intergovernmental Revenues	\$ 262,227	\$ 105,414	\$ 71,280
Interest	343	98	116
Other Revenues	389	-	-
Total revenues	<u>262,959</u>	<u>105,512</u>	<u>71,396</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	12,873	3,046	-
Total General Government	<u>12,873</u>	<u>3,046</u>	<u>-</u>
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	207,552	181,811	21,277
Total Transportation	<u>207,552</u>	<u>181,811</u>	<u>21,277</u>
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	-	-	-
Total Expenditures	<u>220,425</u>	<u>184,857</u>	<u>21,277</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>42,534</u>	<u>(79,345)</u>	<u>50,119</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	42,534	(79,345)	50,119
Fund Balances-Beginning of Year	<u>339,224</u>	<u>150,779</u>	<u>87,599</u>
Residual Equity Transfers In / Out	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending of Year	<u>\$ 381,758</u>	<u>\$ 71,434</u>	<u>\$ 137,718</u>

(Continued)

Exhibit B-2
(Continued)

Traffic Mitigation Fund (Fund 116)	Safe Route To School (Fund 118)	CDBG Streets (Fund 119)	Rogers Theater Restoration (Fund 130)	Subtotal (Carried forward to next page)
\$ 27,017	\$ -	\$ -	\$ -	\$ 465,938
134	-	-	-	691
-	-	-	53,000	53,389
27,151	-	-	53,000	520,018
-	-	-	-	15,919
-	-	-	-	15,919
-	-	-	-	-
-	-	-	-	-
4,726	-	-	-	415,366
4,726	-	-	-	415,366
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	12,932	12,932
4,726	-	-	12,932	444,217
22,425	-	-	40,068	75,801
-	-	-	4,000	4,000
-	-	-	-	-
-	-	-	4,000	4,000
22,425	-	-	44,068	79,801
113,612	1,963	-	(45,072)	648,105
-	-	452,577	-	452,577
\$ 136,037	\$ 1,963	\$ 452,577	\$ (1,004)	\$ 1,180,483

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, 2015

	Subtotal (Brought forward)	Pedestrian Transportation Grant (Fund 145)	Flood Mitigation FEMA (Fund 152)
REVENUES:			
Intergovernmental Revenues	\$ 465,938	20,926	\$ 1
Interest	691	-	-
Other Revenues	53,389	-	-
Total revenues	520,018	20,926	1
EXPENDITURES:			
Current:			
General Government:			
General Government	15,919	-	-
Total General Government	15,919	-	-
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Streets	415,366	43,151	-
Total Transportation	415,366	43,151	-
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	-	-	-
Capital Outlay	12,932	-	-
Total Expenditures	444,217	43,151	-
Excess (Deficiency) of Revenues Over Expenditures	75,801	(22,225)	1
Transfers In	4,000	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	4,000	-	-
Net Change in Fund Balances	79,801	(22,225)	1
Fund Balances-Beginning of Year	648,105	(30)	707
Residual Equity Transfers In / Out	452,577	-	-
Fund Balances-Ending of Year	\$ 1,180,483	\$ (22,255)	\$ 708

(Continued)

Exhibit B-2
(Continued)

BCJI Program (Fund 166)	General Plan Update (Fund 302)	CDBG Program Inc. Unrestricted (Fund 323, 820)	Subtotal (Carried forward to next page)
\$ 122,276	\$ -	\$ -	\$ 609,141
5	11	4	711
7,840	-	2,150	63,379
130,121	11	2,154	673,231
-	58,658	-	74,577
-	58,658	-	74,577
151,174	-	-	151,174
151,174	-	-	151,174
-	-	-	458,517
-	-	-	458,517
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	12,932
151,174	58,658	-	697,200
(21,053)	(58,647)	2,154	(23,969)
-	-	-	4,000
-	-	-	-
-	-	-	4,000
(21,053)	(58,647)	2,154	(19,969)
28,385	(5,665)	5,985	677,487
-	-	-	452,577
\$ 7,332	\$ (64,312)	\$ 8,139	\$ 1,110,095

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, 2015

	Subtotal (Brought forward)	90/STBG/491 Grant Fund (Fund 324)	CDBG Economic Reuse (Fund 325, 823)
REVENUES:			
Intergovernmental Revenues	\$ 609,141	\$ -	\$ -
Interest	711	-	-
Other Revenues	63,379	-	3,455
Total revenues	673,231	-	3,455
EXPENDITURES:			
Current:			
General Government:			
General Government	74,577	-	1,482
Total General Government	74,577	-	1,482
Public Safety and Judiciary:			
Police	151,174	-	-
Total Public Safety and Judiciary	151,174	-	-
Transportation:			
Streets	458,517	-	-
Total Transportation	458,517	-	-
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	-	-	-
Capital Outlay	12,932	-	-
Total Expenditures	697,200	-	1,482
Excess (Deficiency) of Revenues Over Expenditures	(23,969)	-	1,973
Transfers In	4,000	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	4,000	-	-
Net Change in Fund Balances	(19,969)	-	1,973
Fund Balances-Beginning of Year	677,487	27,281	280,971
Residual Equity Transfers In / Out	452,577	(27,281)	(280,971)
Fund Balances-Ending of Year	\$ 1,110,095	\$ -	\$ 1,973

(Continued)

Exhibit B-2
(Continued)

CDBG Housing Reuse (Fund 326, 821, 822, 824)	Housing Acquisition RLF Fund (Fund 327)	Housing Rehabilitation RLF Fund (Fund 328)	New Construction Grant RLF (Fund 329)	Subtotal (Carried forward to next page)
\$ -	\$ -	\$ -	\$ -	\$ 609,141
-	-	-	-	711
<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,034</u>
<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,886</u>
-	-	-	-	76,059
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,059</u>
-	-	-	-	151,174
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,174</u>
-	-	-	-	458,517
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,517</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	15,981	6,302	22,283
<u>-</u>	<u>-</u>	<u>15,981</u>	<u>6,302</u>	<u>22,283</u>
-	-	-	-	12,932
<u>-</u>	<u>-</u>	<u>15,981</u>	<u>6,302</u>	<u>720,965</u>
<u>1,200</u>	<u>-</u>	<u>(15,981)</u>	<u>(6,302)</u>	<u>(43,079)</u>
-	-	-	-	4,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	4,000
<u>1,200</u>	<u>-</u>	<u>(15,981)</u>	<u>(6,302)</u>	<u>(39,079)</u>
<u>89,348</u>	<u>48,411</u>	<u>18,808</u>	<u>10,041</u>	<u>1,152,347</u>
<u>(89,348)</u>	<u>(48,411)</u>	<u>(2,827)</u>	<u>(3,739)</u>	<u>-</u>
\$ <u><u>1,200</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,113,268</u></u>

See accompanying notes to
the basic financial statements

CITY OF CORNING

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2015

	Subtotal (Brought forward)	SALADO Wall Fund (Fund 344)	Drainage Fund (Fund 345)
REVENUES:			
Intergovernmental Revenues	\$ 609,141	\$ -	\$ 5,911
Interest	711	96	130
Other Revenues	68,034	-	-
Total revenues	<u>677,886</u>	<u>96</u>	<u>6,041</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	76,059	-	-
Total General Government	<u>76,059</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	151,174	-	-
Total Public Safety and Judiciary	<u>151,174</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	458,517	-	-
Total Transportation	<u>458,517</u>	<u>-</u>	<u>-</u>
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:			
Economic Development	22,283	-	-
Total Community/Economic Development	<u>22,283</u>	<u>-</u>	<u>-</u>
Capital Outlay	12,932	-	34,703
Total Expenditures	<u>720,965</u>	<u>-</u>	<u>34,703</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(43,079)</u>	<u>96</u>	<u>(28,662)</u>
Transfers In	4,000	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>4,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(39,079)</u>	<u>96</u>	<u>(28,662)</u>
Fund Balances-Beginning of Year	<u>1,152,347</u>	<u>92,123</u>	<u>121,565</u>
Residual Equity Transfers In / Out	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending of Year	<u>\$ 1,113,268</u>	<u>\$ 92,219</u>	<u>\$ 92,903</u>

(Continued)

Exhibit B-2
(Continued)

Parks/Rec Revolving Fund (Fund 352)	Prop 84 Park Bond Fund (Fund 354)	Trail Development Fund (Fund 356)	CalRecycle Bark Fund (Fund 358)	Subtotal (Carried forward to next page)
\$ -	\$ 1,284,656	\$ -	\$ 103,472	\$ 2,003,180
3	-	6	-	946
1,186	-	-	-	69,220
1,189	1,284,656	6	103,472	2,073,346
-	-	-	-	76,059
-	-	-	-	76,059
-	-	-	-	151,174
-	-	-	-	151,174
-	-	-	-	458,517
-	-	-	-	458,517
2,259	-	-	-	2,259
2,259	-	-	-	2,259
-	-	-	-	22,283
-	-	-	-	22,283
-	1,282,955	-	59,384	1,389,974
2,259	1,282,955	-	59,384	2,100,266
(1,070)	1,701	6	44,088	(26,920)
-	-	-	-	4,000
-	-	-	-	-
-	-	-	-	4,000
(1,070)	1,701	6	44,088	(22,920)
3,770	(1,702)	5,865	(44,088)	1,329,880
-	-	-	-	-
\$ 2,700	\$ (1)	\$ 5,871	\$ -	\$ 1,306,960

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, 2015

	Subtotal (Brought forward)	Curbs and Gutter Fund (Fund 365)	Wayfinding Maintenance Fund (Fund 370)
REVENUES:			
Intergovernmental Revenues	\$ 2,003,180	\$ -	\$ -
Interest	946	-	1
Other Revenues	69,220	-	-
Total revenues	<u>2,073,346</u>	<u>-</u>	<u>1</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	76,059	-	-
Total General Government	<u>76,059</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	151,174	-	-
Total Public Safety and Judiciary	<u>151,174</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	458,517	-	-
Total Transportation	<u>458,517</u>	<u>-</u>	<u>-</u>
Cultural, Parks and Recreation			
Parks and Recreation	2,259	-	-
Total Cultural, Parks and Recreation	<u>2,259</u>	<u>-</u>	<u>-</u>
Community/Economic Development:			
Economic Development	22,283	-	-
Total Community/Economic Development	<u>22,283</u>	<u>-</u>	<u>-</u>
Capital Outlay	1,389,974	-	-
Total Expenditures	<u>2,100,266</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,920)</u>	<u>-</u>	<u>1</u>
Transfers In	4,000	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>4,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(22,920)</u>	<u>-</u>	<u>1</u>
Fund Balances-Beginning of Year	<u>1,329,880</u>	<u>480</u>	<u>1,205</u>
Residual Equity Transfers In / Out	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending of Year	<u>\$ 1,306,960</u>	<u>\$ 480</u>	<u>\$ 1,206</u>

(Continued)

Exhibit B-2
(Continued)

Lighting & Landscape Fund (Fund 701)	Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Totals
\$ -	\$ -	\$ -	\$ 2,003,180
1	21	8	977
<u>883</u>	<u>4,263</u>	<u>4,773</u>	<u>79,139</u>
<u>884</u>	<u>4,284</u>	<u>4,781</u>	<u>2,083,296</u>
-	-	-	76,059
<u>-</u>	<u>-</u>	<u>-</u>	<u>76,059</u>
-	-	-	151,174
<u>-</u>	<u>-</u>	<u>-</u>	<u>151,174</u>
<u>880</u>	<u>1,469</u>	<u>4,613</u>	<u>465,479</u>
<u>880</u>	<u>1,469</u>	<u>4,613</u>	<u>465,479</u>
-	-	-	2,259
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,259</u>
-	-	-	22,283
<u>-</u>	<u>-</u>	<u>-</u>	<u>22,283</u>
-	-	-	1,389,974
<u>880</u>	<u>1,469</u>	<u>4,613</u>	<u>2,107,228</u>
<u>4</u>	<u>2,815</u>	<u>168</u>	<u>(23,932)</u>
-	-	-	4,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	4,000
<u>4</u>	<u>2,815</u>	<u>168</u>	<u>(19,932)</u>
<u>679</u>	<u>19,887</u>	<u>8,494</u>	<u>1,360,625</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u><u>683</u></u>	\$ <u><u>22,702</u></u>	\$ <u><u>8,662</u></u>	\$ <u><u>1,340,693</u></u>

See accompanying notes to
the basic financial statements

CITY OF CORNING

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,
and Changes In Fund Balance (Deficit) - Budget And Actual
Year Ended June 30, 2015

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government
Total General Government
Public Safety and Judiciary:
Police
Fire
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
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

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

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Prior Period Adjustment
As Restated
Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

Business License ADA (Fund 80)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
100	1	(99)
-	389	389
100	390	290
100	106	(6)
100	106	(6)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
100	106	(6)
-	284	284
-	-	-
-	-	-
\$ -	284	\$ 284
	531	
	-	
	531	
	-	
	\$ 815	

(Continued)

Exhibit B-3

Rural Planning Fund (Fund 105)			Federal TEA Fund (Fund 108)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 52,000	\$ 26,582	\$ (25,418)	\$ 52,000	\$ 104,783	\$ 52,783
-	10	10	-	90	90
-	-	-	-	-	-
52,000	26,592	(25,408)	52,000	104,873	52,873
16,800	12,767	4,033	-	-	-
16,800	12,767	4,033	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	53,000	97,633	(44,633)
-	-	-	53,000	97,633	(44,633)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	83,415	-	83,415
16,800	12,767	4,033	136,415	97,633	38,782
35,200	13,825	(21,375)	(84,415)	7,240	91,655
-	-	-	-	-	-
-	-	-	-	-	-
\$ 35,200	13,825	\$ (21,375)	\$ (84,415)	7,240	\$ 91,655
	3,263			101,636	
	-			-	
	3,263			101,636	
	-			-	
\$ 17,088			\$ 108,876		

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, 2015

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government
Total General Government
Public Safety and Judiciary:
Police
Fire
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
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

OTHER FINANCING SOURCES (USES):

Operating Transfers In
Total Other Financing
Sources (Over)
Excess of Revenues and Other
Sources Over (Under)
Expenditures and Other Uses

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Prior Period Adjustment
As Restated
Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

Special Gas Tax Improvement #2105 (Fund 109)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 37,000	\$ 41,753	\$ 4,753
100	114	14
-	-	-
37,100	41,867	4,767
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
68,046	18,848	49,198
68,046	18,848	49,198
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
68,046	18,848	49,198
(30,946)	23,019	53,965
-	-	-
-	-	-
-	-	-
\$ (30,946)	23,019	\$ 53,965
	99,629	
	-	
	99,629	
	-	
	\$ 122,648	

(Continued)

Exhibit B-3
(Continued)

Special Gas Tax 2106 (Fund 110)			Special Gas Tax 2107 (Fund 111)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 33,500	\$ 31,731	\$ (1,769)	\$ 45,500	\$ 53,378	\$ 7,878
100	64	(36)	100	60	(40)
-	-	-	-	-	-
33,600	31,795	(1,805)	45,600	53,438	7,838
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
69,768	35,456	34,312	85,708	52,389	33,319
69,768	35,456	34,312	85,708	52,389	33,319
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
69,768	35,456	34,312	85,708	52,389	33,319
(36,168)	(3,661)	32,507	(40,108)	1,049	41,157
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (36,168)	(3,661)	\$ 32,507	\$ (40,108)	1,049	\$ 41,157
	70,133			61,445	
	-			-	
	70,133			61,445	
	-			-	
	\$ 66,472			\$ 62,494	

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, 2015

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government
Total General Government
Public Safety and Judiciary:
Police
Fire
Total Public Safety and Judiciary
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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
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

OTHER FINANCING SOURCES (USES):

Operating Transfers In
Total Other Financing
Sources (Over)
Excess of Revenues and Other
Sources Over (Under)
Expenditures and Other Uses

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Prior Period Adjustment
As Restated
Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

Special Gas Tax 2107.5 (Fund 112)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,000	\$ 4,000	\$ 2,000
-	4	4
-	-	-
2,000	4,004	2,004
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,000	3,226	(1,226)
2,000	3,226	(1,226)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,000	3,226	(1,226)
-	778	778
-	-	-
-	-	-
-	-	-
\$ -	778	\$ 778
	2,587	
	-	
	2,587	
	-	
	\$ 3,365	

(Continued)

Exhibit B-3
(Continued)

Local Transportation Fund (Fund 114)			Special Gas Tax Improvement #2103 (Fund 115)		
		Variance Favorable			Variance Favorable
Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
\$ 105,000	\$ 105,414	\$ 414	\$ 80,500	\$ 71,280	\$ (9,220)
-	98	98	100	116	16
-	-	-	-	-	-
105,000	105,512	512	80,600	71,396	(9,204)
-	3,046	(3,046)	-	-	-
-	3,046	(3,046)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
84,500	181,811	(97,311)	70,200	21,277	48,923
84,500	181,811	(97,311)	70,200	21,277	48,923
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
145,800	-	145,800	36,400	-	36,400
230,300	184,857	45,443	106,600	21,277	85,323
(125,300)	(79,345)	45,955	(26,000)	50,119	76,119
-	-	-	-	-	-
-	-	-	-	-	-
\$ (125,300)	(79,345)	\$ 45,955	\$ (26,000)	50,119	\$ 76,119
	150,779			87,599	
	-			-	
	150,779			87,599	
	-			-	
\$	71,434		\$	137,718	

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, 2015

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government
Total General Government
Public Safety and Judiciary:
Police
Fire
Total Public Safety and Judiciary
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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
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

OTHER FINANCING SOURCES (USES):

Operating Transfers In
Total Other Financing
Sources (Over)
Excess of Revenues and Other
Sources Over (Under)
Expenditures and Other Uses

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Prior Period Adjustment
As Restated
Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

Traffic Mitigation Fund (Fund 116)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 5,000	\$ 27,017	\$ 22,017
-	134	134
-	-	-
5,000	27,151	22,151
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
3,000	4,726	(1,726)
3,000	4,726	(1,726)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
3,000	4,726	(1,726)
2,000	22,425	20,425
-	-	-
-	-	-
-	-	-
\$ 2,000	22,425	\$ 20,425
	113,612	
	-	
	113,612	
	-	
	\$ 136,037	

(Continued)

Exhibit B-3
(Continued)

Safe Route to School Fund (Fund 118)			Rogers Theater Restoration Fund (Fund 130)		
		Variance Favorable			Variance Favorable
Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	30,000	53,000	23,000
-	-	-	30,000	53,000	23,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30,000	12,932	17,068
-	-	-	30,000	12,932	17,068
-	-	-	-	40,068	40,068
-	-	-	-	4,000	4,000
-	-	-	-	4,000	4,000
\$ -	\$ -	\$ -	\$ -	44,068	\$ 44,068
	1,963			(45,072)	
	-			-	
	1,963			(45,072)	
	-			-	
	\$ 1,963			\$ (1,004)	

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, 2015

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government
Total General Government
Public Safety and Judiciary:
Police
Fire
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
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

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

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Prior Period Adjustment
As Restated
Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

Pedestrian Transportation Grant Fund (Fund 145)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 150,000	\$ 20,926	\$ (129,074)
-	-	-
-	-	-
150,000	20,926	(129,074)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
150,000	43,151	106,849
150,000	43,151	106,849
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
150,000	43,151	106,849
-	(22,225)	(22,225)
-	-	-
-	-	-
-	-	-
\$ -	(22,225)	\$ (22,225)
	(30)	
	-	
	(30)	
	-	
\$	(22,255)	

(Continued)

Exhibit B-3
(Continued)

Flood Mitigation FEMA (Fund 152)			BCJI Program Fund (Fund 166)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 1	\$ 1	\$ 20,000	\$ 122,276	\$ 102,276
-	-	-	-	5	5
-	-	-	-	7,840	7,840
-	1	1	20,000	130,121	110,121
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,000	151,174	(131,174)
-	-	-	-	-	-
-	-	-	20,000	151,174	(131,174)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,000	151,174	(131,174)
-	1	1	-	(21,053)	(21,053)
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 1	\$ 1	\$ -	\$ (21,053)	\$ (21,053)
	707			28,385	
	-			-	
	707			28,385	
	-			-	
\$	708		\$	7,332	

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, 2015

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government
Total General Government
Public Safety and Judiciary:
Police
Fire
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
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

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

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Prior Period Adjustment
As Restated
Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

General Plan Update Fund (Fund 302)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 100,000	\$ -	\$ (100,000)
-	11	11
-	-	-
100,000	11	(99,989)
100,000	58,658	41,342
100,000	58,658	41,342
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
100,000	58,658	41,342
-	(58,647)	(58,647)
-	-	-
-	-	-
\$ -	(58,647)	\$ (58,647)
	(5,665)	
	-	
	(5,665)	
	-	
	\$ (64,312)	

(Continued)

Exhibit B-3
(Continued)

CDBG Program Unrestricted (Fund 323, 820)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	4	4
-	2,150	2,150
-	2,154	2,154
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	2,154	2,154
-	-	-
-	-	-
\$ -	2,154	\$ 2,154
-	5,985	-
-	-	-
-	5,985	-
-	-	-
\$	8,139	

See accompanying notes to
the basic financial statements

Combining Statement of Revenues, Expenditures, and Changes In Fund Balance (Deficit) - Budget And Actual Year Ended June 30, 2015

[illegible]

Exhibit B-3
(Continued)

CDBG Economic Reuse (Fund 325, 823)			CDBG Housing Reuse (Fund 326, 821, 822)		
Budget		Variance Favorable (Unfavorable)	Budget		Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
500	-	(500)	500	-	(500)
1,000	3,455	2,455	-	1,200	1,200
1,500	3,455	1,955	500	1,200	700
-	1,482	(1,482)	-	-	-
-	1,482	(1,482)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,000	-	4,000	-	-	-
4,000	-	4,000	-	-	-
-	-	-	-	-	-
4,000	1,482	2,518	-	-	-
(2,500)	1,973	4,473	500	1,200	700
-	-	-	-	-	-
-	-	-	-	-	-
\$ (2,500)	1,973	\$ 4,473	\$ 500	1,200	\$ 700
	280,971			89,348	
	-			-	
	280,971			89,348	
	(280,971)			(89,348)	
	\$ 1,973			\$ 1,200	

See accompanying notes to
the basic financial statements

Combining Statement of Revenues, Expenditures, and Changes In Fund Balance (Deficit) - Budget And Actual Year Ended June 30, 2015

FUND BALANCE (DEFICIT), AT END OF YEAR(Continued)

Exhibit B-3
(Continued)

Housing Rehabilitation RLF Fund (Fund 328)			New Construction RLF Fund (Fund 329)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,000	15,981	(11,981)	4,000	6,302	(2,302)
4,000	15,981	(11,981)	4,000	6,302	(2,302)
-	-	-	-	-	-
4,000	15,981	(11,981)	4,000	6,302	(2,302)
(4,000)	(15,981)	(11,981)	(4,000)	(6,302)	(2,302)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (4,000)	(15,981)	\$ (11,981)	\$ (4,000)	(6,302)	\$ (2,302)
	18,808			10,041	
	-			-	
	18,808			10,041	
	(2,827)			(3,739)	
\$ -			\$ -		

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, 2015

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government
Total General Government
Public Safety and Judiciary:
Police
Fire
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
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

OTHER FINANCING SOURCES (USES):

Operating Transfers In
Total Other Financing
Sources (Over)
Excess of Revenues and Other
Sources Over (Under)
Expenditures and Other Uses

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Prior Period Adjustment
As Restated
Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

SALADO Wall Fund (Fund 344)		
Budget	Actual	Variance Favorable (Unfavorable)
\$	\$	\$
200	96	(104)
-	-	-
200	96	(104)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
92,000	-	92,000
92,000	-	92,000
(91,800)	96	91,896
-	-	-
-	-	-
-	-	-
\$ (91,800)	96	\$ 91,896
	92,123	
	-	
	92,123	
	-	
	\$ 92,219	

Exhibit B-3
(Continued)

Drainage Fund (Fund 345)			Parks/Rec Revolving Fund (Fund 352)		
		Variance Favorable			Variance Favorable
Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
\$ 10,000	\$ 5,911	\$ (4,089)	\$ -	\$ -	\$ -
1,000	130	(870)	-	3	3
-	-	-	500	1,186	686
11,000	6,041	(4,959)	500	1,189	689
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,000	2,259	(259)
-	-	-	2,000	2,259	(259)
-	-	-	-	-	-
-	-	-	-	-	-
34,703	34,703	-	-	-	-
34,703	34,703	-	2,000	2,259	(259)
(23,703)	(28,662)	(4,959)	(1,500)	(1,070)	430
-	-	-	-	-	-
-	-	-	-	-	-
\$ (23,703)	(28,662)	\$ (4,959)	\$ (1,500)	(1,070)	\$ 430
	121,565			3,770	
	-			-	
	121,565			3,770	
	-			-	
	\$ 92,903			\$ 2,700	

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, 2015

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government
Total General Government
Public Safety and Judiciary:
Police
Fire
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
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

OTHER FINANCING SOURCES (USES):

Operating Transfers In
Total Other Financing
Sources (Over)
Excess of Revenues and Other
Sources Over (Under)
Expenditures and Other Uses

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Prior Period Adjustment
As Restated
Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

(Continued)

Prop 84 Park Bond Fund (Fund 354)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,300,000	\$ 1,284,656	\$ (15,344)
-	-	-
-	-	-
1,300,000	1,284,656	(15,344)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,378,866	1,282,955	95,911
1,378,866	1,282,955	95,911
(78,866)	1,701	80,567
-	-	-
-	-	-
-	-	-
\$ (78,866)	1,701	\$ 80,567
	(1,702)	
	-	
	(1,702)	
	-	
\$	(1)	

Exhibit B-3
(Continued)

Trail Development Fund (Fund 356)		
		Variance Favorable
Budget	Actual	(Unfavorable)
\$ -	\$ -	\$ -
-	6	6
-	-	-
-	6	6
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	6	6
-	-	-
-	-	-
\$ -	6	\$ 6
	5,865	
	-	
	5,865	
	-	
	\$ 5,871	

CalRecycle Bark Fund (Fund 358)		
		Variance Favorable
Budget	Actual	(Unfavorable)
\$ 150,000	\$ 103,472	\$ (46,528)
-	-	-
-	-	-
150,000	103,472	(46,528)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
100,000	59,384	40,616
100,000	59,384	40,616
50,000	44,088	(5,912)
-	-	-
-	-	-
\$ 50,000	44,088	\$ (5,912)
	(44,088)	
	-	
	(44,088)	
	-	
	\$ -	

See accompanying notes to
the basic financial statements

**Combining Statement of Revenues, Expenditures,
and Changes In Fund Balance (Deficit) - Budget And Actual
Year Ended June 30, 2015**

(Continued)[illegible]

Exhibit B-3
(Continued)

Way Finding Fund (Fund 370)			Lighting & Landscape Fund (Fund 701)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1	1	-	1	1
-	-	-	1,090	883	(207)
-	1	1	1,090	884	(206)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	963	880	83
-	-	-	963	880	83
-	-	-	-	-	-
-	-	-	-	-	-
1,200	-	1,200	-	-	-
1,200	-	1,200	-	-	-
-	-	-	-	-	-
1,200	-	1,200	963	880	83
(1,200)	1	1,201	127	4	(123)
-	-	-	-	-	-
-	-	-	-	-	-
\$ (1,200)	1	\$ 1,201	\$ 127	4	\$ (123)
	1,205			679	
	-			-	
	1,205			679	
	-			-	
\$	1,206		\$	683	

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, 2015

REVENUES:

Intergovernmental Revenues
Interest
Other Revenues
Total revenues

EXPENDITURES:

Current:

General Government
Total General Government
Public Safety and Judiciary:
Police
Fire
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
Total Expenditures
Excess of Revenues Over
(Under) Expenditures

OTHER FINANCING SOURCES (USES):

Operating Transfers In
Total Other Financing
Sources (Over)
Excess of Revenues and Other
Sources Over (Under)
Expenditures and Other Uses

FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR

Prior Period Adjustment
As Restated
Residual Equity Transfers In / Out

FUND BALANCE (DEFICIT), AT END OF YEAR

Lighting & Landscape Fund (Fund 703)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
100	21	(79)
2,900	4,263	1,363
3,000	4,284	1,284
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
11,800	1,469	10,331
11,800	1,469	10,331
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
11,800	1,469	10,331
(8,800)	2,815	11,615
-	-	-
-	-	-
-	-	-
\$ (8,800)	2,815	\$ 11,615
	19,887	
	-	
	19,887	
	-	
	\$ 22,702	

(Continued)

Exhibit B-3
(Continued)

Lighting & Landscape Fund (Fund 704)			Total		
		Variance Favorable			Variance Favorable
Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
\$ -	\$ -	\$ -	\$ 2,142,500	\$ 2,003,180	\$ (139,320)
50	8	(42)	2,850	977	(1,873)
4,775	4,773	(2)	40,265	79,139	38,874
4,825	4,781	(44)	2,185,615	2,083,296	(102,319)
-	-	-	116,900	76,059	40,841
-	-	-	116,900	76,059	40,841
-	-	-	20,000	151,174	(131,174)
-	-	-	-	-	-
-	-	-	20,000	151,174	(131,174)
4,792	4,613	179	603,777	465,479	138,298
4,792	4,613	179	603,777	465,479	138,298
-	-	-	2,000	2,259	(259)
-	-	-	2,000	2,259	(259)
-	-	-	17,200	22,283	(5,083)
-	-	-	17,200	22,283	(5,083)
-	-	-	1,901,184	1,389,974	511,210
4,792	4,613	179	2,661,061	2,107,228	553,833
33	168	135	-	-	-
			(475,446)	(23,932)	451,514
-	-	-	-	4,000	4,000
-	-	-	-	4,000	4,000
\$ 33	168	\$ 135	\$ (475,446)	(19,932)	\$ 455,514
	8,494			1,360,625	
	-			-	
	8,494			1,360,625	
	-			-	
	\$ 8,662			\$ 1,340,693	

See accompanying notes to
the basic financial statements

CITY OF CORNING
CAPITAL PROJECTS FUNDS
Combining Balance Sheet
June 30, 2015

	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)
ASSETS				
Cash and Cash Equivalents	\$ 7,212	\$ 945	\$ 10,020	\$ 48,630
Intergovernmental Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Other Assets:				
Restricted Cash: Loan Repayment	-	-	-	-
Total assets	\$ <u>7,212</u>	\$ <u>945</u>	\$ <u>10,020</u>	\$ <u>48,630</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 1,126	\$ 123	\$ -	\$ -
Due to Other Funds	-	-	-	-
Other Current Liabilities	-	-	-	-
Total liabilities	<u>1,126</u>	<u>123</u>	<u>-</u>	<u>-</u>
Fund Balances				
Unassigned	<u>6,086</u>	<u>822</u>	<u>10,020</u>	<u>48,630</u>
Total Fund Balances	<u>6,086</u>	<u>822</u>	<u>10,020</u>	<u>48,630</u>
Total Liabilities and Fund Balances	\$ <u>7,212</u>	\$ <u>945</u>	\$ <u>10,020</u>	\$ <u>48,630</u>

(Continued)

Public Works Equipment Replacement Fund (Fund 078)	Park Acquisition Fund (Fund 341)	Park Improvement Fund (Fund 353)	Parkland Acquisition Fund (Fund 355)	Totals
\$ 19,953	\$ 199,879	\$ 5,019	\$ 46,900	\$ 338,558
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>19,953</u>	<u>199,879</u>	<u>5,019</u>	<u>46,900</u>	<u>338,558</u>
179	-	-	-	1,428
-	-	-	-	-
-	-	-	-	-
<u>179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,428</u>
<u>19,774</u>	<u>199,879</u>	<u>5,019</u>	<u>46,900</u>	<u>337,130</u>
<u>19,774</u>	<u>199,879</u>	<u>5,019</u>	<u>46,900</u>	<u>337,130</u>
<u>\$ 19,953</u>	<u>\$ 199,879</u>	<u>\$ 5,019</u>	<u>\$ 46,900</u>	<u>\$ 338,558</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2015

	Police Equipment Replacement Fund (Fund 071)	Animal Control Officer Replacement Fund (Fund 072)	Police Equipment Replacement Fund (Fund 073)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	-
Interest	15	1	11
Other	1,530	1,270	-
Total Revenues	1,545	1,271	11
EXPENDITURES:			
Current:			
General Government:			
General Government	-	840	-
Total General Government	-	840	-
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	52,500	-	2,500
Total Expenditures	52,500	840	2,500
Excess of Revenues Over			
(Under) Expenditures	(50,955)	431	(2,489)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	57,000	-	-
Operating Transfers Out	-	-	-
Total Other Financing			
Sources (Over)	57,000	-	-
Excess of Revenues and Other Sources Over			
(Under) Expenditures and Other Uses	6,045	431	(2,489)
FUND BALANCE, AT BEGINNING OF YEAR	41	391	12,509
Residual Equity Transfers In	-	-	-
Residual Equity Transfers Out	-	-	-
FUND BALANCE, AT END OF YEAR	\$ 6,086	\$ 822	\$ 10,020

(Continued)

Fire Equipment Replacement Fund (Fund 076)	Public Works Equipment Replacement Fund (Fund 078)	Park Acquisition Fund (Fund 341)	Park Improvement Fund (Fund 353)	Parkland Acquisition Fund (Fund 355)	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
53	20	207	5	80	392
<u>13,562</u>	<u>12,957</u>	<u>7,941</u>	<u>-</u>	<u>1,200</u>	<u>38,460</u>
<u>13,615</u>	<u>12,977</u>	<u>8,148</u>	<u>5</u>	<u>1,280</u>	<u>38,852</u>
-	16,522	-	-	-	17,362
-	<u>16,522</u>	-	-	-	<u>17,362</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	70,677	70,677
-	-	-	-	<u>70,677</u>	<u>70,677</u>
-	-	-	-	-	-
-	-	-	-	-	-
9,521	-	-	-	-	64,521
<u>9,521</u>	<u>16,522</u>	-	-	<u>70,677</u>	<u>152,560</u>
4,094	(3,545)	8,148	5	(69,397)	(113,708)
22,400	-	-	-	-	79,400
-	-	(18,400)	-	-	(18,400)
<u>22,400</u>	-	<u>(18,400)</u>	-	-	<u>61,000</u>
26,494	(3,545)	(10,252)	5	(69,397)	(52,708)
<u>22,136</u>	<u>23,319</u>	<u>210,131</u>	<u>5,014</u>	<u>116,297</u>	<u>389,838</u>
-	-	-	-	-	-
-	-	-	-	-	-
\$ <u>48,630</u>	\$ <u>19,774</u>	\$ <u>199,879</u>	\$ <u>5,019</u>	\$ <u>46,900</u>	\$ <u>337,130</u>

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, 2015

REVENUES:

Intergovernmental Revenues
Acquisition Charges and Fees
Interest
Other

Total Revenues

EXPENDITURES:

Current:

General Government:

General Government

Total General Government

Public Safety and Judiciary:

Police

Total Public Safety and Judiciary

Transportation:

Streets

Total Transportation

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

Excess of Revenues Over

(Under) Expenditures

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

FUND BALANCE, AT BEGINNING OF YEAR

Residual Equity Transfers In

Residual Equity Transfers Out

FUND BALANCE, AT END OF YEAR

(Continued)

Police Equipment Replacement Fund (Fund 071)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	15	(85)
-	1,530	1,530
100	1,545	1,445
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
60,900	52,500	8,400
60,900	52,500	8,400
(60,800)	(50,955)	9,845
57,000	57,000	-
-	-	-
57,000	57,000	-
\$ (3,800)	6,045	\$ 9,845
	41	
	-	
	-	
	6,086	

Animal Control Officer Replacement Fund (Fund 072)			Police Equipment Replacement Fund (Fund 73)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1	1	-	11	11
3,000	1,270	(1,730)	-	-	-
3,000	1,271	(1,729)	-	11	11
-	840	(840)	-	-	-
-	840	(840)	-	-	-
3,000	-	3,000	12,478	-	12,478
3,000	-	3,000	12,478	-	12,478
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,500	(2,500)
3,000	840	2,160	12,478	2,500	9,978
-	431	431	(12,478)	(2,489)	9,989
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	431	\$ 431	\$ (12,478)	(2,489)	\$ 9,989
	391			12,509	
	-			-	
	-			-	
	\$ 822			\$ 10,020	

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, 2015

REVENUES:

Intergovernmental Revenues
Acquisition Charges and Fees
Interest
Other

Total Revenues

EXPENDITURES:

Current:

General Government:

General Government

Total General Government

Public Safety and Judiciary:

Police

Total Public Safety and Judiciary

Transportation:

Streets

Total Transportation

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

Excess of Revenues Over

(Under) Expenditures

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

FUND BALANCE, AT BEGINNING OF YEAR

Residual Equity Transfers In

Residual Equity Transfers Out

FUND BALANCE, AT END OF YEAR

Fire Equipment Replacement Fund (Fund 076)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	53	(47)
-	13,562	13,562
100	13,615	13,515
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
19,925	9,521	10,404
19,925	9,521	10,404
(19,825)	4,094	23,919
22,400	22,400	-
-	-	-
22,400	22,400	-
\$ 2,575	26,494	\$ 23,919
	22,136	
	-	
	-	
	48,630	

Exhibit C-3
(Continued)

Public Works Equip. Replacement Fund (Fund 078)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	20	(80)
10,000	12,957	2,957
10,100	12,977	2,877
9,000	16,522	(7,522)
9,000	16,522	(7,522)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
18,500	-	18,500
27,500	16,522	10,978
(17,400)	(3,545)	13,855
-	-	-
-	-	-
-	-	-
\$ (17,400)	(3,545)	\$ 13,855
	23,319	
	-	
	-	
	\$ 19,774	

Park Acquisition Fund (Fund 341)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	207	107
5,000	7,941	2,941
5,100	8,148	3,048
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
100,000	-	100,000
100,000	-	100,000
(94,900)	8,148	103,048
-	-	-
(18,400)	(18,400)	-
(18,400)	(18,400)	-
\$ (113,300)	(10,252)	\$ 103,048
	210,131	
	-	
	-	
	\$ 199,879	

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, 2015

REVENUES:

Intergovernmental Revenues
Acquisition Charges and Fees
Interest
Other

Total Revenues

EXPENDITURES:

Current:

General Government:

General Government

Total General Government

Public Safety and Judiciary:

Police

Total Public Safety and Judiciary

Transportation:

Streets

Total Transportation

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

Excess of Revenues Over

(Under) Expenditures

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

FUND BALANCE, AT BEGINNING OF YEAR

Residual Equity Transfers In

Residual Equity Transfers Out

FUND BALANCE, AT END OF YEAR

Park Improvement Fund (Fund 353)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	5	5
-	-	-
-	5	5
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
5,000	-	5,000
5,000	-	5,000
-	-	-
-	-	-
-	-	-
5,000	-	5,000
(5,000)	5	5,005
-	-	-
-	-	-
-	-	-
\$ (5,000)	5	\$ 5,005
	5,014	
	-	
	-	
	5,019	

**Exhibit C-3
(Continued)**

Parkland Acquisition Fund (Fund 355)			Capital Project Funds		
		Variance			Variance
Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
600	-	(600)	600	-	(600)
-	80	80	400	392	(8)
-	1,200	1,200	18,000	38,460	20,460
600	1,280	680	19,000	38,852	19,852
-	-	-	-	-	-
-	-	-	9,000	17,362	(8,362)
-	-	-	9,000	17,362	(8,362)
-	-	-	15,478	-	15,478
-	-	-	15,478	-	15,478
-	-	-	-	-	-
-	-	-	-	-	-
100,000	70,677	29,323	105,000	70,677	34,323
100,000	70,677	29,323	105,000	70,677	34,323
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	199,325	64,521	134,804
100,000	70,677	29,323	328,803	152,560	176,243
(99,400)	(69,397)	30,003	(309,803)	(113,708)	196,095
-	-	-	79,400	79,400	-
-	-	-	(18,400)	(18,400)	-
-	-	-	61,000	61,000	-
\$ (99,400)	(69,397)	\$ 30,003	\$ (248,803)	(52,708)	196,095
	116,297			389,838	
	-			-	
	-			-	
	\$ 46,900			\$ 337,130	

See accompanying notes to
the basic financial statements

CITY OF CORNING
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2015

Exhibit D-1

	Sewer Enterprise Fund (Fund 610, etc)	Solid Waste Enterprise Fund (Fund 615)	Airport Fund (Fund 620)	Transportation Center Fund (Fund 625)	Water Enterprise Fund (Fund 630, etc)	Total
ASSETS						
Current Assets:						
Cash and Investments	\$ 871,834	\$ 94,781	\$ 27,182	\$ 10,696	\$ 1,028,372	\$ 2,032,865
Accounts Receivable	29,907	19,375	-	-	230,552	279,834
Inventories	15,574	-	-	-	58,463	74,037
Prepaid Assets	-	-	-	-	-	-
Total Current Assets	<u>917,315</u>	<u>114,156</u>	<u>27,182</u>	<u>10,696</u>	<u>1,317,387</u>	<u>2,386,736</u>
Capital Assets:						
Construction in Progress	-	-	-	-	-	-
Property, Plant and Equipment	16,177,812	-	3,390,513	5,167	6,671,339	26,244,831
Accumulated Depreciation	(9,660,739)	-	(167,660)	-	(2,364,900)	(12,193,299)
Net Capital Assets	<u>6,517,073</u>	<u>-</u>	<u>3,222,853</u>	<u>5,167</u>	<u>4,306,439</u>	<u>14,051,532</u>
Loan Acquisition Costs	27,361	-	-	-	109,446	136,807
Accumulated Amortization	(12,437)	-	-	-	(49,568)	(62,005)
Net Loan Acquisition Costs	<u>14,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,878</u>	<u>74,802</u>
Restricted Cash:						
Loan Repayment	<u>650,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,310</u>	<u>1,048,289</u>
Total Other Assets	<u>650,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,310</u>	<u>1,048,289</u>
Deferred Outflows of Resource						
Pension Contribution	<u>21,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,315</u>	<u>60,657</u>
Total Assets	\$ <u>8,121,633</u>	\$ <u>114,156</u>	\$ <u>3,250,035</u>	\$ <u>15,863</u>	\$ <u>6,120,329</u>	\$ <u>17,622,016</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 21,673	\$ 119,323	\$ 119	\$ 618	\$ 25,796	\$ 167,529
Accrued Wages	2,894	-	-	-	5,326	8,220
Due to other funds	463	-	-	-	-	463
Interest Payable	67,341	-	-	-	54,383	121,724
Deposits	-	-	-	-	80,050	80,050
Current Portion of Long Term Debt	152,845	-	-	-	162,476	315,321
Total Current Liabilities	<u>245,216</u>	<u>119,323</u>	<u>119</u>	<u>618</u>	<u>328,031</u>	<u>693,307</u>
Deferred Inflows of Resources						
GASB 68 Actuarial Adjustments	<u>40,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,065</u>	<u>114,270</u>
Long-Term Liabilities						
Interfund Loan Payable	-	-	-	-	-	-
Accrued Compensation for Future Abse	52,497	-	-	-	52,497	104,994
Net Pension Liability	126,937	-	-	-	233,839	360,776
Certificates of Participation Payable	5,740,394	-	-	-	4,091,844	9,832,238
Less: Current Portion	(152,845)	-	-	-	(162,476)	(315,321)
Total Long-Term Liabilities	<u>5,766,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,215,704</u>	<u>9,982,687</u>
Total Liabilities	<u>6,052,404</u>	<u>119,323</u>	<u>119</u>	<u>618</u>	<u>4,617,800</u>	<u>10,790,264</u>
NET POSITION						
Investment in capital assets, net	776,679	-	3,222,853	5,167	214,595	4,219,294
Restricted for debt service	1,502,142	-	-	-	829,812	2,331,954
Unrestricted	(209,592)	(5,167)	27,063	10,078	458,122	280,504
Total Net Position	\$ <u>2,069,229</u>	\$ <u>(5,167)</u>	\$ <u>3,249,916</u>	\$ <u>15,245</u>	\$ <u>1,502,529</u>	\$ <u>6,831,752</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 POSITION
Year Ended June 30, 2015**

	Sewer Enterprise Fund (Fund 610, etc)	Solid Waste Enterprise Fund (Fund 615)	Airport Fund (Fund 620)	Transportation Center Fund (Fund 625)	Water Enterprise Fund (Fund 630, etc)	Total
OPERATING REVENUES:						
Charges for Service	\$ 1,672,784	\$ 473,245	\$ -	\$ -	\$ 1,337,097	\$ 3,483,126
Connection fees	655	-	-	-	1,196	1,851
Lease and Rents	7,962	-	16,898	8,300	-	33,160
Other Revenue	22,880	-	10,000	5,750	5,689	44,319
Total Operating Revenues	<u>1,704,281</u>	<u>473,245</u>	<u>26,898</u>	<u>14,050</u>	<u>1,343,982</u>	<u>3,562,456</u>
OPERATING EXPENSES:						
Salaries and Benefits	366,197	-	4,281	-	594,832	965,310
Utilities	88,596	-	4,386	5,207	200,238	298,427
Depreciation	490,725	-	33,132	-	159,541	683,398
Amortization	1,244	-	-	-	4,975	6,219
Other Expenses	790,625	474,041	5,391	10,815	238,671	1,519,543
Total Operating Expenses	<u>1,737,387</u>	<u>474,041</u>	<u>47,190</u>	<u>16,022</u>	<u>1,198,257</u>	<u>3,472,897</u>
Operating Income (Loss)	<u>(33,106)</u>	<u>(796)</u>	<u>(20,292)</u>	<u>(1,972)</u>	<u>145,725</u>	<u>89,559</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	1,829	66	21	14	1,179	3,109
Interest Expense	(257,647)	-	-	-	(189,061)	(446,708)
Net Non-Operating Revenues (Expenses)	<u>(255,818)</u>	<u>66</u>	<u>21</u>	<u>14</u>	<u>(187,882)</u>	<u>(443,599)</u>
Income Before Transfers	<u>(288,924)</u>	<u>(730)</u>	<u>(20,271)</u>	<u>(1,958)</u>	<u>(42,157)</u>	<u>(354,040)</u>
Operating Transfers In	337,386	-	-	-	130,600	467,986
Operating Transfers Out	<u>(337,386)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,800)</u>	<u>(465,186)</u>
Changes in net position	<u>(288,924)</u>	<u>(730)</u>	<u>(20,271)</u>	<u>(1,958)</u>	<u>(39,357)</u>	<u>(351,240)</u>
NET POSITION, BEGINNING OF YEAR						
As Previously Stated	2,503,953	(4,437)	3,270,187	17,203	1,810,475	7,597,381
Prior period adjustment	<u>(145,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(268,589)</u>	<u>(414,389)</u>
As Restated	2,358,153	(4,437)	3,270,187	17,203	1,541,886	7,182,992
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION, END OF YEAR	\$ <u>2,069,229</u>	\$ <u>(5,167)</u>	\$ <u>3,249,916</u>	\$ <u>15,245</u>	\$ <u>1,502,529</u>	\$ <u>6,831,752</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2015

Exhibit D-3

	Sewer Enterprise Fund (Fund 610, etc)	Solid Waste Enterprise Fund (Fund 615)	Airport Fund (Fund 620)	Transportation Center Fund (Fund 625)	Water Enterprise Fund (Fund 630, etc)	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 1,674,060	\$ 475,551	\$ -	\$ -	\$ 1,245,906	\$ 3,395,517
Other Operating Cash Receipts	30,842	-	26,898	14,550	5,689	77,979
Payments to Suppliers	(880,220)	(473,095)	(11,147)	(15,917)	(347,010)	(1,727,389)
Payments to Employees	(511,508)	-	(4,281)	-	(863,003)	(1,378,792)
Net Cash Provided (Used) by Operating Activities	<u>313,174</u>	<u>2,456</u>	<u>11,470</u>	<u>(1,367)</u>	<u>41,582</u>	<u>367,315</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,800</u>	<u>2,800</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest Paid	(257,647)	-	-	-	(189,061)	(446,708)
Additions to long-term debt	145,800	-	-	-	268,589	414,389
Repayment of Certificates of Participation	(117,686)	-	-	-	(140,831)	(258,517)
Payments for capital acquisitions	(21,701)	-	-	-	(5,743)	(27,444)
Net cash (used for) capital and related financing activities	<u>(251,234)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,046)</u>	<u>(318,280)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Receipts of interest	<u>1,829</u>	<u>66</u>	<u>21</u>	<u>14</u>	<u>1,179</u>	<u>3,109</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>63,769</u>	<u>2,522</u>	<u>11,491</u>	<u>(1,353)</u>	<u>(21,485)</u>	<u>54,944</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>808,065</u>	<u>92,259</u>	<u>15,691</u>	<u>12,049</u>	<u>1,049,857</u>	<u>1,977,921</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 871,834</u>	<u>\$ 94,781</u>	<u>\$ 27,182</u>	<u>\$ 10,696</u>	<u>\$ 1,028,372</u>	<u>\$ 2,032,865</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Net Operating Income (Loss)	\$ (33,106)	\$ (796)	\$ (20,292)	\$ (1,972)	\$ 145,725	\$ 89,559
Adjustments to Reconcile Net Income to Net Cash From (Used For) Operating Activities:						
Depreciation and Amortization	491,969	-	33,132	-	164,516	689,617
Prior Period Adjustments	(145,800)	-	-	-	(268,589)	(414,389)
Decrease (Increase) in Accounts Receivable	621	2,306	-	500	(98,508)	(95,081)
Decrease (Increase) in Inventory	(154)	-	-	-	(579)	(733)
Decrease (Increase) in Other Assets	(12,152)	-	-	-	78,449	66,297
Increase (Decrease) in Accounts Payable	14,424	946	(1,370)	105	15,481	29,586
Increase (Decrease) in Wages Payable	79	-	-	-	8	87
Increase (Decrease) in Accrued Compensation	410	-	-	-	410	820
Increase (Decrease) in Due to Other Funds	(1,780)	-	-	-	-	(1,780)
Increase (Decrease) in Interest Payable	(1,337)	-	-	-	(1,452)	(2,789)
Increase (Decrease) in Deposits	-	-	-	-	6,121	6,121
Increase (Decrease) in current liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash from (used for) operating activities	<u>\$ 313,174</u>	<u>\$ 2,456</u>	<u>\$ 11,470</u>	<u>\$ (1,367)</u>	<u>\$ 41,582</u>	<u>\$ 367,315</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
EXPENDABLE TRUST FUNDS

Exhibit E-1

Combining Balance Sheet

June 30, 2015

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust (Fund 402)	Ridell Library Fund (Fund 403)	Totals
ASSETS:				
Cash and investments	\$ 26,526	\$ (3,952)	\$ 261,872	\$ 284,446
Receivables:				
Intergovernmental				
County	-	-	-	-
Deferred compensation plan assets	-	-	-	-
 Total assets	 \$ 26,526	 \$ (3,952)	 \$ 261,872	 \$ 284,446
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
 Fund Balances:				
Held in trust for:				
Scholarships	26,526	-	-	26,526
Library System	-	-	261,872	261,872
Theater	-	(3,952)	-	(3,952)
 Total fund balances	 26,526	 (3,952)	 261,872	 284,446
 Total liabilities and fund balances	 \$ 26,526	 \$ (3,952)	 \$ 261,872	 \$ 284,446

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, 2015

Exhibit E-2

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust (Fund 402)	Ridell Library Fund (Fund 403)	Totals
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-	-
Interest	<u>28</u>	<u>-</u>	<u>273</u>	<u>301</u>
Total Revenues	<u>28</u>	<u>-</u>	<u>273</u>	<u>301</u>
EXPENDITURES:				
Scholarships	500	-	-	500
Capital Outlay	-	4,467	2,700	7,167
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>500</u>	<u>4,467</u>	<u>2,700</u>	<u>7,667</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(472)</u>	<u>(4,467)</u>	<u>(2,427)</u>	<u>(7,366)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(472)</u>	<u>(4,467)</u>	<u>(2,427)</u>	<u>(7,366)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>26,998</u>	<u>515</u>	<u>264,299</u>	<u>291,812</u>
FUND BALANCE, END OF YEAR	\$ <u>26,526</u>	\$ <u>(3,952)</u>	\$ <u>261,872</u>	\$ <u>284,446</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
EXPENDABLE TRUST FUNDS

Exhibit E-3

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2015**

	Totals		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-
Interest	500	301	(199)
Total Revenues	500	301	(199)
 Scholarships	 500	 500	 -
Capital Outlay	11,500	7,167	4,333
Other	-	-	-
Total Expenditures	12,000	7,667	4,333
 Excess (Deficiency) of Revenues Over Expenditures	 (11,500)	 (7,366)	 4,134
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Source (Uses)	-	-	-
 Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	 \$ (11,500)	 (7,366)	 \$ 4,134
FUND BALANCE, BEGINNING OF YEAR		291,812	
FUND BALANCE, END OF YEAR		\$ 284,446	

See accompanying notes to
the basic financial statements.

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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**

COMBINING BALANCE SHEET - SEWER ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - SEWER ENTERPRISE FUNDS**

COMBINED BALANCE SHEET - WATER ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - WATER ENTERPRISE FUNDS**

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, 2015, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated March 14, 2016. 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 of the financial statements, I considered the City of Corning's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Corning's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Corning's internal control.

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 a 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Donald R. Reynolds
Certified Public Accountant
March 14, 2016

CITY OF CORNING

SEWER ENTERPRISE FUNDS

Combining Balance Sheet

June 30, 2015

	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)	Fund (Fund 610)	
ASSETS						
Current Assets:						
Cash and Investments	\$ -	\$ 23,311	\$ 323,458	\$ 162,136	\$ 360,436	\$
Accounts Receivable	-	-	-	-	29,907	
Inventories	-	-	-	-	15,574	
Total Current Assets	-	23,311	323,458	162,136	405,917	
Capital Assets						
Property, Plant and Equipment	-	4,453,848	-	-	11,723,964	
Accumulated Depreciation	-	(1,202,954)	-	-	(8,457,785)	
Net Capital Assets	-	3,250,894	-	-	3,266,179	
Loan Acquisition Costs	-	-	-	-	27,361	
Accumulated Amortization	-	-	-	-	(12,437)	
Net Loan Acquisition Costs	-	-	-	-	14,924	
Restricted Cash:						
Loan Repayment	-	-	-	-	-	
Total Other Assets	-	-	-	-	-	
Deferred Outflows of Resources						
Pension Contribution	-	-	-	-	21,342	
Total Assets	\$ -	\$ 3,274,205	\$ 323,458	\$ 162,136	\$ 3,708,362	\$
LIABILITIES						
Liabilities:						
Current Liabilities:						
Accounts Payable	\$ 63	\$ 413	\$ -	\$ -	\$ 21,197	\$
Accrued Wages	-	-	-	-	2,894	
Due to Other Funds	463	-	-	-	-	
Interest Payable	-	40,666	-	-	26,675	
Current Portion of Long Term Debt	-	67,000	-	-	85,845	
Total Current Liabilities	526	108,079	-	-	136,611	
Long-Term Liabilities						
Interfund Loan Payable	-	(381,370)	-	-	381,370	
Accrued Compensation for Future Absences	-	-	-	-	52,497	
Net Pension Liability	-	-	-	-	126,937	
Long-Term Debt	-	3,827,000	-	-	1,913,394	
Less: Current Portion	-	(67,000)	-	-	(85,845)	
Total Long-Term Liabilities	-	3,378,630	-	-	2,388,353	
Total Liabilities	526	3,486,709	-	-	2,524,964	
Deferred Inflows of Resources						
GASB 68 Actuarial Adjustments	-	-	-	-	40,205	
Fund Equity:						
Contributed Capital	-	-	-	-	-	
Retained Earnings:						
Investment in Capital Assets	-	(576,106)	-	-	1,352,785	
Restricted	(526)	363,602	323,458	162,136	-	
Unrestricted	-	-	-	-	(209,592)	
Total Net Assets	(526)	(212,504)	323,458	162,136	1,143,193	
Total Net Assets	\$ (526)	\$ (212,504)	\$ 323,458	\$ 162,136	\$ 1,143,193	\$

1999 COP (673,611)	2005 COP (Fund 683)	2005 Refunding Bond (Fund 692)	2005 Refunding Bond (Fund 693)	TOTAL Sewer Enterprise Fund
2,493	\$ -	\$ -	\$ -	\$ 871,834
-	-	-	-	29,907
-	-	-	-	15,574
2,493	-	-	-	917,315
-	-	-	-	16,177,812
-	-	-	-	(9,660,739)
-	-	-	-	6,517,073
-	-	-	-	27,361
-	-	-	-	(12,437)
-	-	-	-	14,924
410,826	38,830	39	201,284	650,979
410,826	38,830	39	201,284	650,979
-	-	-	-	21,342
413,319	\$ 38,830	\$ 39	\$ 201,284	\$ 8,121,633
-	\$ -	\$ -	\$ -	\$ 21,673
-	-	-	-	2,894
-	-	-	-	463
-	-	-	-	67,341
-	-	-	-	152,845
-	-	-	-	245,216
-	-	-	-	-
-	-	-	-	52,497
-	-	-	-	126,937
-	-	-	-	5,740,394
-	-	-	-	(152,845)
-	-	-	-	5,766,983
-	-	-	-	6,012,199
-	-	-	-	40,205
-	-	-	-	-
-	-	-	-	-
-	-	-	-	776,679
413,319	38,830	39	201,284	1,502,142
-	-	-	-	(209,592)
413,319	38,830	39	201,284	2,069,229
413,319	\$ 38,830	\$ 39	\$ 201,284	\$ 2,069,229

See accompanying notes to
the basic financial statements. City of Corning Supplemental Section Page 104

CITY OF CORNING
SEWER ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2015

	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)
OPERATING REVENUES:				
Charges for Service	\$ -	\$ -	\$ -	\$ -
Connection fees	-	-	-	-
Lease and Rents	-	-	-	-
Other Revenue	<u>3,744</u>	<u>19,136</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>3,744</u>	<u>19,136</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES:				
Salaries and Benefits	-	-	-	-
Utilities	-	-	-	-
Depreciation	-	133,951	-	-
Amortization	-	-	-	-
Other Expenses	<u>2,027</u>	<u>913</u>	<u>39,981</u>	<u>246</u>
Total Operating Expenses	<u>2,027</u>	<u>134,864</u>	<u>39,981</u>	<u>246</u>
Operating Income (Loss)	<u>1,717</u>	<u>(115,728)</u>	<u>(39,981)</u>	<u>(246)</u>
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	-	67	345	167
Interest Expense	-	(168,870)	-	-
Net Non-Operating Revenues (Expenses)	<u>-</u>	<u>(168,803)</u>	<u>345</u>	<u>167</u>
Net Income Before Transfers	<u>1,717</u>	<u>(284,531)</u>	<u>(39,636)</u>	<u>(79)</u>
Operating Transfers In	-	240,000	65,000	21,200
Operating Transfers Out	<u>-</u>	<u>(11,186)</u>	<u>-</u>	<u>-</u>
Net Income	<u>1,717</u>	<u>(55,717)</u>	<u>25,364</u>	<u>21,121</u>
NET ASSETS, AT BEGINNING OF YEAR				
As Previously Stated	(2,243)	(156,787)	298,094	141,015
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As Restated	(2,243)	(156,787)	298,094	141,015
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, AT END OF YEAR	\$ <u>(526)</u>	\$ <u>(212,504)</u>	\$ <u>323,458</u>	\$ <u>162,136</u>

<u>Fund (Fund 610)</u>	<u>1999 COP (673,611)</u>	<u>2005 COP (Fund 683)</u>	<u>2005 Refunding Bond (Fund 692)</u>	<u>2005 Refunding Bond (Fund 693)</u>	<u>TOTAL Sewer Enterprise Fund</u>
\$ 1,672,784	\$ -	\$ -	\$ -	\$ -	\$ 1,672,784
655	-	-	-	-	655
7,962	-	-	-	-	7,962
-	-	-	-	-	22,880
<u>1,681,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,704,281</u>
366,197	-	-	-	-	366,197
88,596	-	-	-	-	88,596
356,774	-	-	-	-	490,725
1,244	-	-	-	-	1,244
747,450	8	-	-	-	790,625
<u>1,560,261</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,737,387</u>
121,140	(8)	-	-	-	(33,106)
207	1,005	6	-	32	1,829
(88,703)	-	-	(74)	-	(257,647)
<u>(88,496)</u>	<u>1,005</u>	<u>6</u>	<u>(74)</u>	<u>32</u>	<u>(255,818)</u>
32,644	997	6	(74)	32	(288,924)
-	-	-	105	11,081	337,386
<u>(326,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(337,386)</u>
(293,556)	997	6	31	11,113	(288,924)
1,582,549	412,322	38,824	8	190,171	2,503,953
<u>(145,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145,800)</u>
1,436,749	412,322	38,824	8	190,171	2,358,153
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>1,143,193</u>	\$ <u>413,319</u>	\$ <u>38,830</u>	\$ <u>39</u>	\$ <u>201,284</u>	\$ <u>2,069,229</u>

CITY OF CORNING

WATER ENTERPRISE FUNDS

Combining Balance Sheet

June 30, 2015

	Water Capital Improvement Fund (Fund 346)	Water Capital Replacement Fund (Fund 383)	Short Lived Water Reserve (386)	Water Fund (Fund 630)
ASSETS				
Current Assets:				
Cash and Investments	\$ 42,539	\$ 395,835	\$ -	\$ 589,998
Accounts Receivable	-	-	108,360	122,192
Inventories	-	-	-	58,463
Total Current Assets	<u>42,539</u>	<u>395,835</u>	<u>108,360</u>	<u>770,653</u>
Fixed Assets:				
Construction in Progress	-	-	-	-
Property, Plant and Equipment	-	-	-	6,671,339
Accumulated Depreciation	-	-	-	(2,364,900)
Net Property, Plant and Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,306,439</u>
Loan Acquisition Costs	-	-	-	109,446
Accumulated Amortization	-	-	-	(49,568)
Net Loan Acquisition Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,878</u>
Restricted Cash:				
Loan Repayment	-	-	-	-
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Outflows of Resources				
GASB 68 Actuarial Adjustments	-	-	-	39,315
Total Assets	<u>\$ 42,539</u>	<u>\$ 395,835</u>	<u>\$ 108,360</u>	<u>\$ 5,176,285</u>
LIABILITIES				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 5,872	\$ -	-	19,924
Accrued Wages	-	-	-	5,326
Other accrued liabilities	-	-	-	-
Interest Payable	-	-	-	54,383
Deposits	-	-	-	80,050
Current Portion of Long Term Debt	-	-	-	162,476
Total Current Liabilities	<u>5,872</u>	<u>-</u>	<u>-</u>	<u>322,159</u>
Long-Term Liabilities				
Accrued Compensation for Future Absences	-	-	-	52,497
Net Pension Liability	-	-	-	233,839
Long-Term Debt	-	-	-	4,091,844
Less: Current Portion	-	-	-	(162,476)
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,215,704</u>
Total Liabilities	<u>5,872</u>	<u>-</u>	<u>-</u>	<u>4,537,863</u>
Deferred Inflows of Resources				
GASB 68 Actuarial Adjustments	-	-	-	74,065
NET ASSETS				
Investment in Capital Assets	-	-	-	214,595
Restricted	36,667	395,835	-	-
Unrestricted	-	-	108,360	349,762
Total Net Assets	<u>\$ 36,667</u>	<u>\$ 395,835</u>	<u>\$ 108,360</u>	<u>\$ 564,357</u>

Water Well Loan Reserve Fund (632)	1999 COP Fund (674,675)	2005 COP Fund (682,684)	TOTAL Water Enterprise Funds
\$ -	\$ -	\$ -	\$ 1,028,372
-	-	-	230,552
-	-	-	58,463
-	-	-	1,317,387
-	-	-	-
-	-	-	6,671,339
-	-	-	(2,364,900)
-	-	-	4,306,439
-	-	-	109,446
-	-	-	(49,568)
-	-	-	59,878
11,238	230,787	155,285	397,310
11,238	230,787	155,285	397,310
-	-	-	39,315
\$ 11,238	\$ 230,787	\$ 155,285	\$ 6,120,329
-	-	-	25,796
-	-	-	5,326
-	-	-	-
-	-	-	54,383
-	-	-	80,050
-	-	-	162,476
-	-	-	328,031
-	-	-	52,497
-	-	-	233,839
-	-	-	4,091,844
-	-	-	(162,476)
-	-	-	4,215,704
-	-	-	4,543,735
-	-	-	74,065
-	-	-	214,595
11,238	230,787	155,285	829,812
-	-	-	458,122
\$ 11,238	\$ 230,787	\$ 155,285	\$ 1,502,529

CITY OF CORNING

WATER ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2015

	Water Capital Improvement Fund (Fund 346)	Water Capital Replacement Fund (Fund 383)	Short Lived Water Reserve (386)	Water Fund (Fund 630)
OPERATING REVENUES:				
Charges for Service	\$ -	\$ -	\$ -	\$ 1,337,097
Connection fees	-	-	-	1,196
Lease and Rents	-	-	-	-
Other Revenue	2,994	-	-	2,695
Total Operating Revenues	2,994	-	-	1,340,988
OPERATING EXPENSES:				
Salaries and Benefits	-	-	-	594,832
Utilities	-	-	-	200,238
Depreciation	-	-	-	159,541
Amortization	-	-	-	4,975
Other Expenses	15,208	7,596	-	215,805
Total Operating Expenses	15,208	7,596	-	1,175,391
Operating Income (Loss)	(12,214)	(7,596)	-	165,597
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	48	415	113	543
Interest Expense	-	-	-	(189,061)
Net Non-Operating Revenues (Expenses)	48	415	113	(188,518)
Net Income Before Transfers	(12,166)	(7,181)	113	(22,921)
Operating Transfers In	-	100,800	27,000	-
Operating Transfers Out	-	(27,000)	-	(100,800)
Net Income	(12,166)	66,619	27,113	(123,721)
NET ASSETS, AT BEGINNING OF YEAR				
As Previously Stated	48,833	329,216	81,247	956,667
Prior period adjustment	-	-	-	(268,589)
As Restated	48,833	329,216	81,247	688,078
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	-	-	-	-
NET ASSETS, AT END OF YEAR	\$ 36,667	\$ 395,835	\$ 108,360	\$ 564,357

CITY OF CORNING

WATER ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2015

	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	\$ -	\$ -	\$ -	1,337,097
Connection fees	-	-	-	1,196
Lease and Rents	-	-	-	-
Other Revenue	-	-	-	5,689
Total Operating Revenues	-	-	-	1,343,982
OPERATING EXPENSES:				
Salaries and Benefits	-	-	-	594,832
Utilities	-	-	-	200,238
Depreciation	-	-	-	159,541
Amortization	-	-	-	4,975
Other Expenses	-	36	26	238,671
Total Operating Expenses	-	36	26	1,198,257
Operating Income (Loss)	-	(36)	(26)	145,725
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	12	22	26	1,179
Interest Expense	-	-	-	(189,061)
Net Non-Operating Revenues (Expenses)	12	22	26	(187,882)
Net Income Before Transfers	12	(14)	-	(42,157)
Operating Transfers In	2,800	-	-	130,600
Operating Transfers Out	-	-	-	(127,800)
Net Income	2,812	(14)	-	(39,357)
NET ASSETS, AT BEGINNING OF YEAR				
As Previously Stated	8,426	230,801	155,285	1,810,475
Prior period adjustment	-	-	-	(268,589)
As Restated	8,426	230,801	155,285	1,541,886
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	-	-	-	-
NET ASSETS, AT END OF YEAR	\$ 11,238	\$ 230,787	\$ 155,285	\$ 1,502,529

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