

# **CITY OF CORNING,**

**CALIFORNIA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2016**

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

## INTRODUCTORY SECTION

---

City Officials

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF CORNING, CALIFORNIA  
CITY OFFICIAL  
FOR THE YEAR ENDED JUNE 30, 2016**

**CITY COUNCIL  
(Terms as of June 30, 2016)**

<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

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

## **FINANCIAL SECTION**

---

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

**THIS PAGE INTENTIONALLY LEFT BLANK**



# ***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, 2016, 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

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

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

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, 2016, 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 January 10, 2017, 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***

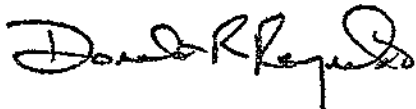
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements and budgetary schedules are presented for purposes of additional analysis and 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

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

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

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

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

Donald R. Reynolds, CPA  
Redding, California  
January 10, 2017

**CITY OF CORNING**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2016**

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, 2016. 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 \$35,561,300, deferred inflows and outflows of resources were \$5,022,642 and \$1,215,022 respectively, and total liabilities were \$16,699,575 at June 30, 2016. The City's assets exceeded its liabilities by \$15,054,105 (net position) for the fiscal year reported. This is an increase of \$2,015,497 from the previous year when assets exceeded liabilities by \$13,038,608. The increase was primarily due to the grant funding capital improvements. A surplus in the amount of \$2,415,536 was generated in the in the governmental funds and a deficit of (\$399,859) in the business-type funds.

Total net position is comprised of the following:

- (1) Capital assets, net of related debt and accumulated depreciation, of \$13,509,631 include property and equipment.
- (2) Net assets of \$2,400,367 are restricted for debt service.
- (3) Unrestricted net assets of \$(855,893) 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 \$2,680,004 this year. This compares to the prior year ending fund balance of \$2,780,637 and is a decrease of \$100,633 during the current year;

For the fiscal year ending June 30, 2016, the fund balance of the General Fund was \$959,880; 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 2015-16, the \$625,000 fund balance reserve is 13.79% of reported expenditures (\$4,530,906). The fund balance for the General Fund in the amount of \$959,880 represents 21.12% of reported expenditures (\$4,530,903). Ideally the City should achieve a General Fund fund balance of at least six months of operating expenditures.

**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 \$6,431,889 as of June 30, 2016. This compares to the prior year ending net position of \$6,831,748 showing a decrease of \$399,859 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 16-18 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, 2016.

TABLE 1 - NET POSITION						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Cash and other assets	\$ 7,408,491	\$ 7,062,020	\$ 3,206,527	\$ 3,509,827	\$ 10,615,018	\$ 10,571,847
Capital assets	11,493,437	9,782,304	13,452,845	14,051,532	24,946,282	23,833,836
Total Assets	<u>\$ 18,901,928</u>	<u>\$ 16,844,324</u>	<u>\$ 16,659,372</u>	<u>\$ 17,561,359</u>	<u>\$ 35,561,300</u>	<u>\$ 34,405,683</u>
Deferred Outflows	\$ 1,101,035	\$ 575,462	\$ 113,987	\$ 60,657	\$ 1,215,022	\$ 636,119
<b>Liabilities</b>						
Other liabilities	\$ 601,881	\$ 395,485	\$ 219,435	\$ 693,307	\$ 821,316	\$ 1,088,792
Long-term liabilities	5,831,771	5,605,235	10,046,458	9,982,687	15,878,259	15,587,922
Total Liabilities	<u>\$ 6,433,652</u>	<u>\$ 6,000,720</u>	<u>\$ 10,265,923</u>	<u>\$ 10,675,994</u>	<u>\$ 16,699,575</u>	<u>\$ 16,676,714</u>
Deferred Inflows	\$ 4,947,095	\$ 5,212,206	\$ 75,547	\$ 114,270	\$ 5,022,642	\$ 5,326,476
<b>Net Position</b>						
Invested in capital assets net of related debt	9,686,841	7,777,636	3,822,790	4,219,294	13,509,631	11,996,930
Restricted	-	-	2,400,367	2,331,954	2,400,367	2,331,954
Unrestricted	(1,064,625)	(1,570,776)	208,732	280,504	( 855,893)	(1,290,272)
Total Net Position	<u>\$ 8,622,216</u>	<u>\$ 6,206,860</u>	<u>\$ 6,431,889</u>	<u>\$ 6,831,752</u>	<u>\$ 15,054,105</u>	<u>\$ 13,038,612</u>

In fiscal year 2015-16, Governmental activities increased the City's net position by \$2,415,356 and business-type activities decreased the City's net position by \$399,859 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 144,893	\$ 141,706	\$ 3,442,856	\$ 3,484,977	\$ 3,587,749	\$ 3,626,683
Operating grants and contributions	418,676	311,382	-	-	418,676	311,382
Capital grants and contributions	942,298	1,767,005	-	-	942,298	1,767,005
General revenues:						
Property taxes	531,323	500,346	-	-	531,323	500,346
Sales and use taxes	2,656,717	2,712,917	-	-	2,656,717	2,712,917
Occupancy taxes	354,024	344,295	-	-	354,024	344,295
Other taxes	132,369	130,862	-	-	132,369	130,862
Vehicle License Fee	552,103	518,093	-	-	552,103	518,093
Franchise tax	118,955	114,192	-	-	118,955	114,192
Investment earnings	3,227	1,839	5,796	3,109	9,023	4,948
Intergovernmental	273,143	-	-	-	273,143	-
Other revenues	<u>213,359</u>	<u>183,609</u>	<u>110,099</u>	<u>77,479</u>	<u>323,458</u>	<u>261,088</u>
Total Revenues	<u>6,341,087</u>	<u>6,726,146</u>	<u>3,558,751</u>	<u>3,565,565</u>	<u>9,899,838</u>	<u>10,291,811</u>
Expenses:						
General government	593,921	792,608	-	-	593,921	792,608
Public safety	2,721,987	3,743,759	-	-	2,721,987	3,743,759
Transportation	342,555	705,462	-	-	342,555	705,462
Cultural Parks and Recreation	249,150	451,046	-	-	249,150	451,046
Community Development	18,118	50,828	-	-	18,118	50,828
Sewer	-	-	2,046,118	1,995,034	2,046,118	1,995,034
Water	-	-	1,365,909	1,387,318	1,365,909	1,387,318
Solid Waste	-	-	477,671	475,078	477,671	475,078
Airport	-	-	50,332	47,190	50,332	47,190
Transportation Center	-	-	<u>18,580</u>	<u>16,022</u>	<u>18,580</u>	<u>16,022</u>
Total Expenses	<u>3,925,731</u>	<u>5,743,703</u>	<u>3,958,610</u>	<u>3,920,642</u>	<u>7,884,341</u>	<u>9,664,345</u>
Increase(Decrease) in Net Position before transfers, prior period adjustments and extraordinary items	2,415,356	982,443	(399,859)	(355,077)	2,015,497	627,466
Transfers	-	4,000	-	2,800	-	6,800
Prior period adjustments	-	<u>(3,928,335)</u>	-	<u>(414,389)</u>	-	<u>(4,342,724)</u>
Increase(Decrease) in Net Position	<u>\$ 2,415,356</u>	<u>\$ (2,941,892)</u>	<u>\$ (399,859)</u>	<u>\$ (766,666)</u>	<u>\$ 2,015,497</u>	<u>\$ (3,708,458)</u>

#### 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 \$2,680,004 a decrease of \$100,633 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 \$13,103; transfers in and out (primarily for capital projects) netted to \$(129,830), leaving an operating deficit of \$142,933.

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 2015-16 General Fund revenue decreased by 1.87% in comparison with the prior year. Significant changes were an increase of taxes and assessments of 0.58%, a decrease of licenses and permits of 43.39%, and an decrease in intergovernmental revenues of 46.86%. The decrease in taxes and assessments is primarily due to a decrease in sales tax. The decrease in intergovernmental revenues is primarily due to the close-out of operating grants.

Total General Fund expenditures decreased by \$197,604 or 4.18% from the prior fiscal year indicating a decrease in, public safety, cultural parks and recreation and capital spending.

	2016		2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Taxes and assessments	\$ 4,108,151	88.71%	\$ 4,084,429	81.71%	\$ 23,722	0.58%
Use of money and property:						
Interest	251	0.01%	470	0.01%	(219)	(46.60)%
Licenses and permits	37,363	1.43%	66,006	1.43%	(28,643)	(43.39)%
Intergovernmental revenues	165,514	6.76%	311,383	6.76%	(145,869)	(46.86)%
Charges for services	108,166	2.83%	130,089	2.83%	(21,923)	(16.85)%
Other revenue	<u>98,358</u>	<u>0.26%</u>	<u>11,618</u>	<u>0.26%</u>	<u>86,740</u>	<u>274.33%</u>
Total	<u>\$ 4,517,803</u>	<u>100.00%</u>	<u>\$ 4,603,995</u>	<u>100.00%</u>	<u>\$ (86,192)</u>	<u>(1.87)%</u>

	2016		2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General Government	\$ 695,582	13.71%	\$ 648,684	13.71%	\$ 46,898	7.23%
Public Safety	3,051,274	68.12%	3,220,955	68.12%	(169,681)	(5.27)%
Transportation	195,138	3.59%	169,954	3.59%	25,184	14.82%
Cultural, Parks and Recreation	281,715	7.05%	333,336	7.05%	(51,621)	(15.49)%
Community/Economic Development	21,708	0.50%	23,500	0.50%	(1,792)	(7.63)%
Debt service	285,489	6.03%	285,489	6.03%	-	0.00%
Capital outlay	-	1.00%	46,592	1.00%	(46,592)	(100.00)%
Total	<u>\$ 4,530,906</u>	<u>100.00%</u>	<u>\$ 4,728,510</u>	<u>100.00%</u>	<u>\$ (197,604)</u>	<u>(4.18)%</u>

**Proprietary funds.** Proprietary funds operate in a business-type environment. The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about



financial status. The City's proprietary funds include the Sewer, Water and Solid Waste utilities and the Airport and Transportation Center.

In the fiscal year ended June 30, 2016, 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				
	2016	2015	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Operating				
Revenues	\$ 1,263,867	\$ 1,343,982	\$ (80,115)	(5.96)%
Expenses	(1,183,455)	(1,198,257)	(14,802)	(1.23)%
Non-operating revenue(expense)	(180,190)	(187,882)	(7,692)	(4.09)%
Net operating transfers	-	2,800	(2,800)	(100.00)
Change in net assets	\$ (99,778)	\$ (39,357)	\$ (60,421)	

*Water Fund* -- The Water Fund reported a decrease in net position in fiscal year 2015-16 compared to fiscal year 2014-15. Revenues decreased by 7.74% while expenses increased by 3.21%. The net effect was a negative change in net position in fiscal year 2015-16 compared to the surplus in fiscal year 2014-15.

*Sewer Fund* -- The Sewer Fund reported an increase in the negative change in net position in fiscal year 2015-16 compared to fiscal year 2014-15. Although both revenues and expenses increased, the net effect was still a 6.71% increase in the amount of loss in fiscal year 2015-16 compared to fiscal year 2014-15.

TABLE 6 - SEWER FUND				
For the periods ending June 30				
	2016	2015	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Operating				
Revenues	\$ 1,761,040	\$ 1,704,281	\$ 56,759	3.33%
Expenses	(1,790,549)	(1,737,387)	53,162	3.06%
Non-operating revenue(expense)	(252,258)	(255,818)	(3,560)	(1.39)%
Change in net assets	\$ (281,767)	\$ (288,924)	\$ (7,157)	

*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 2015-16 anticipated a shortfall of \$433,610. The results of the General Fund were more favorable than anticipated, with an actual surplus of \$290,677. Revenues in fiscal year 2015-16 were \$71,393, or 1.61%, more than the budget estimate. Expenditures in fiscal year 2015-16 were \$219,284, or 4.49%, 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						
	2016			2015		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues	\$ 4,446,410	\$ 4,517,803	\$ 71,393	\$ 4,561,810	\$ 4,603,995	\$ 60,585
Expenditures	(4,880,020)	(4,660,736)	219,284	(4,870,436)	(4,728,510)	141,946
Operating Result	(433,610)	(142,933)	290,677	(308,646)	(124,515)	202,531
Transfers In	-	-	-	-	18,400	-
Transfers Out	-	-	-	(79,400)	(79,400)	-
Net Result	\$ (433,610)	\$ (142,933)	\$ 290,677	\$ (388,046)	\$ (185,515)	\$ 202,531

### 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, 2016, was \$11,493,437 and \$13,384,262 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			
2016	2015	Variance \$	Variance %
\$ 11,493,437	\$ 9,782,304	\$ 1,711,133	17.49%
Business-type Funds			
2016	2015	Variance \$	Variance %
\$ 13,384,262	\$ 14,051,532	\$ (667,270)	(4.75)%

**Long-term debt.** As of June 30, 2016, the City had total debt outstanding of \$11,876,137; this is a decrease from the total debt outstanding at June 30, 2015, of \$485,744. 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	
	2016	2015	2016	2015	2016	2015
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	406,457	419,982	101,612	104,994	508,069	524,976
Pension Obligation Bonds	1,806,597	2,004,668	190,402	211,295	1,996,999	2,215,963
1999 Certificates of Participation	-	-	3,386,100	3,465,200	3,386,100	3,465,200
2005 Certificates of Participation	-	-	1,645,000	1,745,000	1,645,000	1,745,000
2005 Revenue Refunding Bonds	-	-	3,765,000	3,827,000	3,765,000	3,827,000
Clark Well Loan	-	-	574,969	583,742	574,969	583,742
Total	<u>\$ 2,213,054</u>	<u>\$ 2,424,650</u>	<u>\$ 9,663,083</u>	<u>\$ 9,937,231</u>	<u>\$ 11,876,137</u>	<u>\$ 12,361,881</u>

### NEW SIGNIFICANT ACCOUNTING STANDARDS IMPLEMENTED

In fiscal year 2015-16, The City adopted two new statements of financial accounting standards issued by the Governmental Account Standards Board (GASB) that relate to pension activity:

#### ***Governmental Accounting Standards Board Statement No. 72***

GASB Statement No. 72, Fair Value Measurement and Application. Issued February 2015 this statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. GASB Statement No. 72 was implemented for the City for fiscal year ending June 30, 2016. Since the City invests in the State's Local Agency Investment Fund, implementation did not result in a change in valuation; but Note 3, Cash and Investments has been modified to provide the new disclosures required by this Statement.

#### ***Governmental Accounting Standards Board Statement No. 73***

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Issued June 2015 this statement was issued to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The City has no employees covered by public pensions which do not fall under GASB 68 for fiscal year ending June 30, 2016.

#### ***Governmental Accounting Standards Board Statement No. 76***

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Issued June 2015, this statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 76 was implemented by the City in fiscal year ending June 30, 2016, but has no impact on the financial statements.

#### ***Governmental Accounting Standards Board Statement No. 78***

GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. Issued in December 2015, the objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68. The City does not participate in any pension plans that fall within the scope of this Statement, therefore the provisions of this statement do not apply.

#### ***Governmental Accounting Standards Board Statement No. 79***

GASB Statement No. 79, Certain External Investment Pools and Pool Participants. Issued December 2015, this statement addresses accounting and financial reporting for certain external investment pools and pool participants. GASB Statement No. 79 was implemented by the City in fiscal year ending June 30, 2016.

#### ***Governmental Accounting Standards Board Statement No. 82***

GASB Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. Issued March 2016, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City has no employees covered by this pronouncement.

The Government Accounting Standards Board has also adopted Statements 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, 77, *Tax Abatement Disclosures*, 80, *Blending Requirements for Certain Component Units*, and 81, *Irrevocable Split-Interest Agreements*, which are not effective until fiscal year June 30, 2017. It is considered at this time that most of the provisions of those statements will not affect this City, however the applicability will be assessed as the new pronouncements become effective.

#### **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 2015-2016. That's down \$304,159 (10.54%) from the 2013-2015 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 complex formulas put in place by the State in order to take a portion of local sales tax. The triple flip wind down will be complete in fiscal year 2015/16 ending the complex formula. A true-up will occur making sales tax comparisons between fiscal years less than straight-forward.

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 2016. The City should consider implementing additional annual increases to account for inflation and decreases in water consumption.

In May of 2016 the City Council implemented Resolution No. 05-27-2016-01. 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 City is pursuing the refinancing of the City's water and sewer debt along with the Clark Park well loan. Doing so, will allow the City to defer or minimize future water rate increases while providing positive cash flow savings.

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 2015-2016 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.

---

# **BASIC FINANCIAL STATEMENTS**

---

## **Government-Wide Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF CORNING**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

Statement 1

	Primary Government		
	Governmental Activities	Business Activities	Total
<b><u>ASSETS</u></b>			
Cash and Investments (Note 3)			
Available for operations	\$ 2,106,592	\$ 1,785,180	\$ 3,891,772
Restricted	-	1,052,953	1,052,953
Receivables (net of allowance for uncollectable)			
Accounts Receivable	-	293,616	293,616
Intergovernmental Receivable	772,114	-	772,114
Receivable from Other Governments	406,643	-	406,643
Other Receivable	6,006	-	6,006
Loans Receivable (CDBG)	4,117,136	-	4,117,136
Internal balances	-	-	-
Inventory	-	74,778	74,778
Due From Other Funds	-	-	-
Capital Assets (Note 2):			
Unamortized loan acquisition costs	-	68,583	68,583
Land and construction in progress	814,733	838,088	1,652,821
Depreciable assets, net	10,678,704	12,546,174	23,224,878
Total Assets	18,901,928	16,659,372	35,561,300
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension	1,101,035	113,987	1,215,022
<b><u>LIABILITIES</u></b>			
Accounts Payable	525,357	36,365	561,722
Accrued Wages/Payroll Taxes	37,283	9,713	46,996
Accrued Interest Payable	6,625	118,667	125,292
Deposits	-	29,750	29,750
Other Accrued Liabilities	32,616	24,940	57,556
Accrued compensated absences:			
Due within one year	45,000	63,197	108,197
Due in more than one year	361,457	38,415	399,872
Long-term debt			
Due within one year	208,138	214,723	422,861
Due in more than one year	1,598,458	9,346,749	10,945,207
Net Pension Liability	3,618,718	383,404	4,002,122
Loans	-	-	-
Capital Leases	-	-	-
Total Liabilities	6,433,652	10,265,923	16,699,575
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
GASB 68 Actuarial Adjustments	820,489	75,547	896,036
Unearned Revenue	4,126,606	-	4,126,606
Total Deferred Inflows of Resources	4,947,095	75,547	5,022,642
<b><u>NET POSITION</u></b>			
Net investment in capital assets	9,686,841	3,822,790	13,509,631
Restricted for debt service	-	2,400,367	2,400,367
Unrestricted	(1,064,625)	208,732	(855,893)
Total Net Position	\$ 8,622,216	\$ 6,431,889	\$ 15,054,105

See accompanying notes to  
the basic financial statements.

**CITY OF CORNING**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2016**

Statement 2

	Net (Expense) Revenue and Changes In Net Position					
	Program Revenues			Governmental Activities	Business-Type Activities	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
FUNCTIONS/PROGRAMS	Expenses					
Governmental Activities:						
General Government:						
City Council	\$ 20,313	\$ -	\$ -	\$ -	\$ (20,313)	\$ -
City Administration	142,032	-	-	-	(142,032)	-
City Clerk	9,236	-	-	-	(9,236)	-
City Treasurer	518	-	-	-	(518)	-
City Finance	41,923	-	-	-	(41,923)	-
General Government	379,899	109,166	-	-	(270,733)	-
Total General Government	593,921	109,166	-	-	(484,755)	-
Public Safety and Judiciary:						
Legal Services	46,568	-	-	-	(46,568)	-
Police	1,763,403	6,584	193,233	-	(1,563,586)	-
Police Dispatch	382,792	-	-	-	(382,792)	-
Animal Control	81,442	-	-	-	(81,442)	-
Fire	447,782	-	-	-	(447,782)	-
Total Public Safety and Judiciary	2,721,987	6,584	193,233	-	(2,522,170)	-
Transportation:						
Airport	-	-	-	-	-	-
Streets	342,555	-	225,443	919,504	802,392	-
Total Transportation	342,555	-	225,443	919,504	802,392	-
Cultural, Parks and Recreation						
Library	14,788	-	-	-	(14,788)	-
Theater	1,698	-	-	-	(1,698)	-
Parks and Recreation	232,664	29,143	-	-	(203,521)	-
Total Cultural, Parks and Recreation	249,150	29,143	-	-	(220,007)	-
Community/Economic Development:						
Economic Development	18,118	-	-	22,794	4,676	-
Total Community/Economic Development	18,118	-	-	22,794	4,676	-
Business-Type Activities						
Sewer	2,046,118	1,704,452	-	-	-	(341,666)
Water	1,365,909	1,261,018	-	-	-	(104,891)
Solid Waste	477,671	477,386	-	-	-	(285)
Airport	50,332	-	-	-	-	(50,332)
Transportation	18,580	-	-	-	-	(18,580)
Total Business-Type Activities	3,958,610	3,442,856	-	-	-	(515,754)
Total	\$ 7,884,341	\$ 3,587,749	\$ 418,676	\$ 942,298	\$ (2,419,864)	\$ (515,754)

See accompanying notes to  
the basic financial statements.



**CITY OF CORNING**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2016**

Statement 2  
(Continued)

**CHANGES IN NET POSITION:**

	<b>Governmental Activities</b>	<b>Business Activities</b>	<b>Total</b>
Net (Expense)/Revenue	\$ (2,419,864)	\$ (515,754)	\$ (2,935,618)
General Revenues:			
Taxes			
Sales and Use Taxes	2,656,717	-	2,656,717
Property Taxes	531,323	-	531,323
Franchise Taxes	118,955	-	118,955
Vehicle License Fees	552,103	-	552,103
Transit Occupancy Tax	354,024	-	354,024
Other Taxes	132,369	-	132,369
Intergovernmental	273,143	-	273,143
Investment Income	3,227	5,796	9,023
Donations	-	-	-
Other	213,359	110,099	323,458
Transfers - Internal Activity	-	-	-
Total General Revenues and Transfers	<u>4,835,220</u>	<u>115,895</u>	<u>4,951,115</u>
Change in Net Assets	2,415,356	(399,859)	2,015,497
Net Position - Beginning of Year	<u>6,206,860</u>	<u>6,831,748</u>	<u>13,038,608</u>
Prior Period Adjustment	-	-	-
Residual Equity Transfers In (Out)	-	-	-
Net Position - Ending of Year	<u>\$ 8,622,216</u>	<u>\$ 6,431,889</u>	<u>\$ 15,054,105</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

# **BASIC FINANCIAL STATEMENTS**

---

## **Fund Financial Statements**

**CITY OF CORNING**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2016

Statement 3

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 517,602	\$ 1,588,990	\$ 2,106,592
Intergovernmental Receivable	-	772,114	772,114
Notes Receivable (C.D.B.G.)	-	4,117,136	4,117,136
Receivable from Other Governments	406,643	-	406,643
Other Receivable	6,006	-	6,006
Due From Other Funds	123,076	-	123,076
Total Assets	<u>1,053,327</u>	<u>\$ 6,478,240</u>	<u>\$ 7,531,567</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 40,069	\$ 485,288	\$ 525,357
Accrued Wages/Payroll Taxes	37,283	-	37,283
Due to Other Funds	-	123,076	123,076
Other liabilities	6,625	32,616	39,241
Total Liabilities	<u>83,977</u>	<u>640,980</u>	<u>724,957</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Building Permits	9,470	-	9,470
Deferred Revenue - Loans Receivable	-	4,117,136	4,117,136
Total Liabilities	<u>93,447</u>	<u>4,758,116</u>	<u>4,851,563</u>
<b>FUND BALANCES</b>			
Restricted for contingences	625,000	-	625,000
Assigned for future projects	334,880	-	334,880
Unassigned - Special Revenues Funds	-	1,341,427	1,341,427
Unassigned - Capital Projects Funds	-	378,697	378,697
Total Fund Balances	<u>959,880</u>	<u>1,720,124</u>	<u>2,680,004</u>
Total Liabilities and Fund Balances	<u>\$ 1,053,327</u>	<u>\$ 6,478,240</u>	<u>\$ 7,531,567</u>

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

Total Fund Balance - Total Governmental Funds	\$ 2,680,004
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.	11,493,437
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Deferred Outflows of Resources	1,101,035
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Deferred Inflows of Resources	\$ (820,489)
Pension obligation Bonds	(1,806,596)
Accrued Compensated Absences	(406,457)
Net leases	-
Net Pension Liability	<u>(3,618,718)</u>
Net Assets of Governmental Activities	<u>\$ 8,622,216</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, 2016**

Statement 4

	General fund	Non-Major Governmental funds	Total Governmental funds
<b>REVENUES:</b>			
Taxes	\$ 4,108,151	\$ 237,340	\$ 4,345,491
Intergovernmental Revenues	165,514	1,468,603	1,634,117
Interest	251	2,976	3,227
Licenses and Permits	37,363	-	37,363
Miscellaneous	206,524	114,365	320,889
Total Revenues	<u>4,517,803</u>	<u>1,823,284</u>	<u>6,341,087</u>
<b>EXPENDITURES:</b>			
Current:			
General Government:			
City Council	25,317	-	25,317
City Administration	177,023	-	177,023
City Clerk	11,513	-	11,513
City Treasurer	646	-	646
City Finance	52,253	-	52,253
General Government	<u>428,830</u>	<u>44,664</u>	<u>473,494</u>
Total General Government	<u>695,582</u>	<u>44,664</u>	<u>740,246</u>
Public Safety and Judiciary:			
Legal Services	58,040	-	58,040
Police	1,856,528	341,321	2,197,849
Police Dispatch	477,100	-	477,100
Animal Control	101,505	-	101,505
Fire	<u>558,101</u>	<u>-</u>	<u>558,101</u>
Total Public Safety and Judiciary	<u>3,051,274</u>	<u>341,321</u>	<u>3,392,595</u>
Transportation:			
Streets	<u>195,138</u>	<u>231,812</u>	<u>426,950</u>
Total Transportation	<u>195,138</u>	<u>231,812</u>	<u>426,950</u>
Cultural, Parks and Recreation			
Library	18,431	-	18,431
Theater	2,115	-	2,115
Parks and Recreation	<u>261,169</u>	<u>28,918</u>	<u>290,087</u>
Total Cultural, Parks and Recreation	<u>281,715</u>	<u>28,918</u>	<u>310,633</u>
Community/Economic Development:			
Economic Development	<u>21,708</u>	<u>875</u>	<u>22,583</u>
Total Community/Economic Development	<u>21,708</u>	<u>875</u>	<u>22,583</u>
Debt Service:			
Principal	97,443	-	97,443
Interest and Other Charges	<u>188,046</u>	<u>-</u>	<u>188,046</u>
Capital Outlay	-	1,263,224	1,263,224
Total Expenditures	<u>4,530,906</u>	<u>1,910,814</u>	<u>6,441,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,103)</u>	<u>(87,530)</u>	<u>(100,633)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt Proceeds	-	-	-
Transfers In / Out	<u>(129,830)</u>	<u>129,830</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>(129,830)</u>	<u>129,830</u>	<u>-</u>
Net Change in Fund Balances	(142,933)	42,300	(100,633)
Fund Balances-Beginning of Year	1,102,813	1,677,824	2,780,637
Prior period adjustment	-	-	-
Fund Balances-End of Year	<u>\$ 959,880</u>	<u>\$ 1,720,124</u>	<u>\$ 2,680,004</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, 2016**

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	\$	(100,633)
--	----	-----------

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	1,263,224	
Construction in progress - Park	-	
Infrastructure not included in depreciable assets	60,990	
Depreciation expense	<u>(290,603)</u>	1,033,611

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>198,072</u>	198,072

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	593,262
Accrued compensated absences	<u>13,525</u>

Change in Net Assets of Governmental Activities	\$	<u><u>1,737,837</u></u>
---	----	-------------------------

CITY OF CORNING  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016

Statement 5

	<u>Enterprise Funds</u>
<b><u>ASSETS</u></b>	
<b><u>Current Assets:</u></b>	
Cash and Investments	\$ 1,785,180
Accounts Receivable	293,616
Inventory	74,778
Total Current Assets	<u>2,153,574</u>
<b><u>Noncurrent Assets:</u></b>	
Capital Assets:	
Property, Plant, and Equipment	26,244,831
Accumulated Depreciation	<u>(12,860,569)</u>
Net Capital Assets	<u>13,384,262</u>
Loan Acquisition Costs	136,807
Accumulated Amortization	<u>(68,224)</u>
Net Loan Acquisition Costs	<u>68,583</u>
Restricted Assets	<u>1,052,953</u>
Total Noncurrent Assets	<u>14,505,798</u>
Deferred Outflows of Resources	
Pension Contribution	<u>113,987</u>
Total Assets	<u>\$ 16,773,359</u>
<b><u>LIABILITIES</u></b>	
<b><u>Current Liabilities:</u></b>	
Accounts Payable	\$ 36,365
Accrued Wages/Payroll Taxes	9,713
Other Accrued Liabilities	24,940
Accrued Interest Payable	118,667
Deposits	29,750
Current Portion of Non-Current Liabilities	<u>277,920</u>
Total Current Liabilities	<u>497,355</u>
<b><u>Noncurrent Liabilities:</u></b>	
Notes, Bonds and Certificates Payable	9,283,552
Accrued Compensated Absences	101,612
Net Pension Liability	383,404
Loans	<u>-</u>
Total Noncurrent Liabilities	<u>9,768,568</u>
Total Liabilities	<u>10,265,923</u>
<b><u>Deferred Inflows of Resources</u></b>	
GASB 68 Actuarial Adjustments	<u>75,547</u>
<b><u>NET POSITION:</u></b>	
Investment in Capital Assets, net of related debt	3,822,790
Restricted for debt service	2,400,367
Unrestricted	<u>208,732</u>
Total Net Position	<u>\$ 6,431,889</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, 2016**

Statement 6

	<u>Enterprise Funds</u>
<b>OPERATING REVENUES:</b>	
Charges for Services	
Sewer Charges	\$ 1,698,077
Water Charges	1,257,873
Solid Waste	477,386
Connection Fees	9,520
Lease and Rents	42,831
Other revenue	67,268
Total Operating Revenues	<u>3,552,955</u>
<b>OPERATING EXPENSES:</b>	
Salaries and Benefits	962,636
Utilities	306,368
Depreciation	667,270
Amortization	6,219
Other Expenses	1,578,094
Total Operating Expenses	<u>3,520,587</u>
Operating Income	<u>32,368</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest Income	5,796
Interest expense	(438,023)
Total Nonoperating Revenue (Expenses)	<u>(432,227)</u>
Income Before Contributions and Transfers	(399,859)
Operating transfers in (out)	<u>-</u>
Net income (Loss)	(399,859)
Net Assets-Beginning of Year - As previously stated	6,831,748
Prior period adjustment	<u>-</u>
Net Position - Beginning of Year	6,831,748
Residual Equity Transfers In	-
Residual Equity Transfers Out	<u>-</u>
Net Position - End of Year	<u>\$ 6,431,889</u>

See accompanying notes to  
the basic financial statements.



**CITY OF CORNING**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

Statement 7

	<u>Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 3,378,774
Other Operating Cash Receipts	110,099
Payments to Suppliers	(1,994,947)
Payments to Employees	(961,143)
Net Cash Provided (Used) by Operating Activities	<u>532,783</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Operating transfers from (to) other funds	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Interest Paid	(441,080)
Repayment of Certificates of Participation	(285,539)
Changes in GASB 68 amounts	(102,683)
Loss on disposition of assets	-
Payments for capital acquisitions	-
Net cash (used by) capital and related financing activities	<u>(828,665)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Receipts of interest	<u>5,796</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(290,086)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,032,865</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,742,779</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Net Operating Income (Loss)	\$ 32,368
Adjustments to Reconcile Net Income to Net Cash Provided by (Used by) Operating Activities:	
Depreciation/Amortization	673,489
Prior period adjustments	-
Decrease (Increase) in Accounts Receivable	(13,782)
Decrease (Increase) in Inventory	(741)
Decrease (Increase) in Other Assets	-
Increase (Decrease) in Accounts Payable	(131,164)
Increase (Decrease) in Wages Payable	1,493
Increase (Decrease) in Accrued Compensation	-
Increase (Decrease) in Due to Other Funds	24,477
Increase (Decrease) in Interest Payable	(3,057)
Increase (Decrease) in Deposits	(50,300)
Net cash from (used for) operating activities	<u>\$ 532,783</u>

See accompanying notes to the basic financial statements.

**CITY OF CORNING**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

Statement 8

	<u>Private Purpose Trust Funds</u>
<b><u>ASSETS</u></b>	
Cash and Investments	\$ 287,643
Total Assets	<u>\$ 287,643</u>
<b><u>Net Position</u></b>	
Held in trust for:	
Scholarships	\$ 25,828
Library Systems	261,815
Theater	<u>-</u>
Total Net Position	<u>\$ 287,643</u>

**CITY OF CORNING**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

Statement 9

	<u>Private Purpose Trust Funds</u>
<b><u>Additions:</u></b>	
Interest Income	\$ 571
Total Revenues	<u>571</u>
<b><u>Deductions:</u></b>	
Scholarships	750
Capital Outlay	576
Other Deductions	<u>-</u>
Total Deductions	<u>1,326</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(755)</u>
Change in Net Position	<u>(755)</u>
Net Position - Beginning of the Year	284,446
Residual Equity Tansfers	<u>3,952</u>
Net Position - End of the Year	<u>\$ 287,643</u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

# **BASIC FINANCIAL STATEMENTS**

---

**Notes to Basic Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF CORNING, CALIFORNIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

---

**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, 2016**

---

**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, 2016**

---

**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, 2016**

---

**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, 2016**

---

**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, 2016**

---

**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, 2016**

---

**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 City of Corning'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, 2016**

---

**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 sick leave 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, 2016**

---

**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, 2016**

---

**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, 2016**

---

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*New Pronouncements - Implemented*

*Governmental Accounting Standards Board Statement No. 72*

GASB Statement No. 72, Fair Value Measurement and Application. Issued February 2015 this statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. GASB Statement No. 72 was implemented for the City for fiscal year ending June 30, 2016. Since the City invests in the State's Local Agency Investment Fund, implementation did not result in a change in valuation; but Note 3, Cash and Investments has been modified to provide the new disclosures required by this Statement.

*Governmental Accounting Standards Board Statement No. 73*

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Issued June 2015 this statement was issued to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The City has no employees covered by public pensions which do not fall under GASB 68 for fiscal year ending June 30, 2016.

*Governmental Accounting Standards Board Statement No. 76*

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Issued June 2015, this statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 76 was implemented by the City in fiscal year ending June 30, 2016, but has no impact on the financial statements.

*Governmental Accounting Standards Board Statement No. 78*

GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. Issued in December 2015, the objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68. The City does not participate in any pension plans that fall within the scope of this Statement, therefore the provisions of this statement do not apply.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

---

**NOTE 3: DETAILED NOTES**

**H. New Pronouncements, (Continued)**

***Governmental Accounting Standards Board Statement No. 79***

GASB Statement No. 79, Certain External Investment Pools and Pool Participants. Issued December 2015, this statement addresses accounting and financial reporting for certain external investment pools and pool participants. GASB Statement No. 79 was implemented by the City in fiscal year ending June 30, 2016.

***Governmental Accounting Standards Board Statement No. 82***

GASB Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. Issued March 2016, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City has no employees covered by this pronouncement.

The Government Accounting Standards Board has also adopted Statements 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, 77, *Tax Abatement Disclosures*, 80, *Blending Requirements for Certain Component Units*, and 81, *Irrevocable Split-Interest Agreements*, which are not effective until fiscal year June 30, 2017. It is considered at this time that most of the provisions of those statements will not affect this City, however the applicability will be assess as the new pronouncements become effective.

**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, 2016**

---

**NOTE 3: DETAILED NOTES**

**Cash and Investments**

As of June 30, 2016, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 4,944,725
Agency funds	<u>287,643</u>
Total Cash and Investments	\$ <u>5,232,368</u>

As of June 30, 2016, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 500
Deposits (less outstanding checks)	<u>3,441,342</u>
Total Cash	<u>3,441,842</u>

As of June 30, 2016, the City's investments consisted of the following:

Investments:	
In California Local Agency Investment Fund (at market):	<u>1,790,526</u>
Total Investments	<u>1,790,526</u>
Total Cash and Investments	\$ <u>5,232,368</u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$3,441,842 and the bank balance was \$3,320,940. 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 \$2,162,336 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, 2016**

---

**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, 2016, 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, 2016, 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 \$162,908,979. 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, 2016**

**NOTE 3: DETAILED NOTES (Continued)**

**Capital Assets**

Capital assets activity for the year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Governmental Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	814,733	-	-	814,733
Total Capital Assets, Not Being Depreciated	-	814,733	-	-	814,733
Capital Assets, Being Depreciated:					
Buildings	1,639,886	-	-	-	1,639,886
Parks	3,964,151	-	-	-	3,964,151
Fire Department	1,278,464	10,283	(17,000)	-	1,271,747
Police Department	720,794	52,925	-	-	773,719
Machinery and equipment	692,238	-	-	-	692,238
Infrastructure	5,593,183	1,126,010	-	-	6,719,193
Total Capital Assets, Being Depreciated	13,888,716	1,189,218	(17,000)	-	15,060,934
Less Accumulated Depreciation	(4,106,412)	(290,603)	15,301	(516)	(4,382,230)
Total Capital Assets, Being Depreciated, Net	9,782,304	898,615	(1,699)	(516)	10,678,704
Total Governmental Activities, Net	\$ 9,782,304	\$ 1,173,348	\$ (1,699)	\$ (516)	\$ 11,493,437
	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Business-Type Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 838,088	\$ -	\$ -	\$ -	\$ 838,088
Construction in progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	838,088	-	-	-	838,088
Capital Assets, Being Depreciated:					
Buildings	2,652,532	-	-	-	2,652,532
Improvements	74,308	-	-	-	74,308
Machinery and equipment	587,776	-	-	-	587,776
Utility Property	22,092,126	-	-	-	22,092,126
Total Capital Assets, Being Depreciated	25,406,742	-	-	-	25,406,742
Less Accumulated Depreciation	(12,193,298)	(667,270)	-	-	(12,860,568)
Total Capital Assets, Being Depreciated, Net	13,213,444	(667,270)	-	-	12,546,174
Total Business-type Activities, Net	\$ 14,051,532	\$ (667,270)	\$ -	\$ -	\$ 13,384,262

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 3: DETAILED NOTES (Continued)**

**Capital Assets (Continued)**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
Loan Acquisition Costs:					
Loan Acquisition Costs	\$ 136,807	\$ -	\$ -	\$ -	\$ 136,807
Less Accumulated amortization	<u>(61,654)</u>	<u>(6,570)</u>	<u>-</u>	<u>-</u>	<u>(68,224)</u>
Loan Acquisition costs, net of amortization	\$ <u>75,153</u>	\$ <u>(6,570)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>68,583</u>

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 58,492
Public Safety and Judiciary	80,381
Transportation	88,472
Culture Parks and Recreation	60,828
Community Economic Development	<u>2,430</u>
Total Depreciation Expense -- Governmental Functions	\$ <u>290,603</u>

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

Sewer	\$ 482,893
Solid Waste	-
Airport	33,132
Transportation	-
Water	<u>151,245</u>
Total Depreciation Expense - Business-Type Functions	\$ <u>667,270</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, 2016.

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, 2016**

**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 \$4,126,606 related to long-term notes and loans receivable.

At June 30, 2016, the components of unearned revenue consisted of off-sets to notes receivable in the amount of \$4,117,136, in addition there was unearned revenue in the General Fund in the amount of \$9,470.

**Long-term Debt**

Long-term debt for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Adjustments/ Retirements	Balance June 30, 2016	Amounts Due Within One Year
<b>Governmental Activities</b>					
Pension Obligation Bonds	\$ 2,004,668	\$ -	\$ (198,107)	\$ 1,806,597	\$ 208,138
Compensated Absences (Note 1)	419,982	19,177	(32,702)	406,457	45,000
Total Government Activities	\$ 2,424,650	\$ 19,177	\$ (230,809)	\$ 2,213,054	\$ 253,138
	Balance July 1, 2015	Additions	Adjustments/ Retirements	Balance June 30, 2016	Amounts Due Within One Year
<b>Business-Type Activities</b>					
1999 Certificates of Participation	\$ 3,465,200	\$ -	\$ (79,100)	\$ 3,386,100	\$ 84,500
2005 Certificates of Participation	1,745,000	-	(100,000)	1,645,000	100,000
2005 Revenue Refunding Bonds	3,827,000	-	(62,000)	3,765,000	64,000
Clark Well Loan	583,742	-	(8,773)	574,969	9,058
Pension Obligation Bonds	211,295	-	(20,893)	190,402	21,862
Compensated Absences (Note 1)	104,994	25,288	(28,670)	101,612	63,197
Total Business-Type Activities	\$ 9,937,231	\$ 25,288	\$ (299,436)	\$ 9,663,083	\$ 342,617

At June 30, 2016, 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, 2016**

---

**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, 2016**

---

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

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

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

The annual aggregate maturities for the years subsequent to June 30, 2016, are disclosed in the other disclosures section on pages 54 through 59.

Continued on the following page

**CITY OF CORNING, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**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, 2016:

<b><u>Due To:</u></b>		<b><u>Due From:</u></b>	
General Fund	\$ 123,076	BCJI Program Fund	\$ 10,583
		Pedestrian Transportation Grant	27
		Home Loan Fund	10,838
		General Plan Update Fund	579
		Housing Rehabilitation RLF Fund	875
		Street Scape Fund	100,084
		Lighting and Landscaping	90
Total	\$ <u>123,076</u>		\$ <u>123,076</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, 2016:

<b><u>Transfer From:</u></b>		<b><u>Transfer To:</u></b>	
General Fund	\$ 129,830	Police Equipment Replacement	\$ 89,330
		Fire Equipment Replacement	40,500
Sewer Enterprise Fund	325,000	WWTP Debt Service Fund	240,000
		WWTP Capital Replacement Fund	65,000
		Sewer Capital Reserve Fund	20,000
Water Enterprise Fund	79,800	Water Capital Replacement Fund	77,000
		Water Well Loan Fund	2,800
Water Capital Replacement fund	<u>27,000</u>	Short Lived Water Reserve Fund	<u>27,000</u>
Total	\$ <u>561,630</u>		\$ <u>561,630</u>

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**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, 2014, the valuation date, the following employees were covered by the benefit terms:

	Safety Plan			Miscellaneous Plan		
	First Tier	Second Tier	Third Tier	First Tier	Second Tier	Third Tier
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, 2016**

**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, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Contributions - Employer	\$ 315,306	\$ 335,609
Contributions - Employee (Paid by employer)	\$ 86,174	\$ 137,228

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

As of June 30, 2016, 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>Safety Plan PEPRA</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>	<u>Miscellaneous Plan PEPRA</u>
Proportionate shares of the net pension liability	\$ <u>2,345,163</u>	\$ <u>(1,952)</u>	\$ <u>(469)</u>	\$ <u>1,661,292</u>	\$ <u>(1,759)</u>	\$ <u>(153)</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, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**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>Safety Plan PEPRA</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>	<u>Miscellaneous Plan PEPRA</u>
Proportion - June 30, 2014	.0563%	.0001%	.0000%	.0673%	.0000%	.0000%
Proportion - June 30, 2015	.0725%	.0001%	.0000%	.0659%	.0000%	.0000%
Change, Increase (Decrease)	.0162%	.0000%	.0000%	(.0014%)	.0000%	.0000%

For the year ended June 30, 2016, the Local Government recognized pension expense of \$744,192. At June 30, 2016, 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>Safety Plan PEPRA</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>	<u>Miscellaneous Plan PEPRA</u>
Pension contributions subsequent to measurement date	\$ 385,520	\$ -	\$ -	\$ 250,599	\$ -	\$ -
Differences between actual and expected experience	-	-	-	8,519	(13)	(1)
Changes in assumptions	-	-	-	-	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	336,549	(311)	(75)	206,589	(326)	(28)
Total	\$ 722,069	\$ (311)	\$ (75)	\$ 493,707	\$ (339)	\$ (29)

At June 30, 2016, 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>Safety Plan PEPRA</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>	<u>Miscellaneous Plan PEPRA</u>
Differences between actual and expected investment experience	\$ (405,089)	\$ 375	\$ 90	\$ (246,969)	\$ 389	\$ 34
Changes in assumptions	(135,239)	125	30	(80,590)	127	11
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	(29,404)	27	7	-	-	-
Total	\$ (569,732)	\$ 527	\$ 127	\$ (327,560)	\$ 560	\$ 45

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**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>Safety Plan</u>	<u>Safety Plan - Second Tier</u>	<u>Safety Plan PEPRA</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>	<u>Miscellaneous Plan PEPRA</u>
2016	\$ (109,693)	\$ 102	\$ 24	\$ (56,421)	\$ 89	\$ 8
2017	(109,693)	102	24	(56,421)	89	8
2018	(97,933)	91	22	(51,273)	81	7
2019	84,137	(78)	(19)	51,642	(81)	(7)
2020	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-

***Actuarial Methods and Assumption Used to Determine Total Pension Liability***

The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Safety Plan</u>	<u>Safety Plan - Second Tier</u>	<u>Safety Plan PEPRA</u>	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan - Second Tier</u>	<u>Miscellaneous Plan PEPRA</u>
Valuation Date	June 30, 2014					
Measurement Date	June 30, 2015					
Actuarial Cost Method	Entry-age Normal Cost Method					
Actuarial Assumptions						
Discount Rate	7.65%					
Inflation	2.75%					
Payroll Growth Rate	3.00%					
Projected Salary Increases	Varies by Entry Age and Service					
Interment Rate of Return	7.50%					
Mortality	Derived using CalPERS Membership Data for all funds					

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

<sup>(2)</sup> Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2012. Further details of the Experience Study can be found on the CalPERS website.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

---

**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, 2016**

**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 <sup>1</sup>	Real Return Years 11+ <sup>1</sup>
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%
	100.00%		

<sup>1</sup> 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:

	Safety Plan	Safety Plan - Second Tier	Safety Plan PEPRA	Miscellaneous Plan	Miscellaneous Plan - Second Tier	Miscellaneous Plan PEPRA
1% Decrease	6.650%	6.650%	6.650%	6.650%	6.650%	6.650%
Net Pension Liability	\$ 3,715,287	\$ (3,438)	\$ (826)	\$ 2,078,863	\$ (3,276)	\$ (285)
Current Discount Rate	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Net Pension Liability	\$ 2,317,212	\$ (2,144)	\$ (515)	\$ 1,239,581	\$ (1,954)	\$ (170)
1% Increase	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%
Net Pension Liability	\$ 1,170,817	\$ (1,803)	\$ (260)	\$ 546,655	\$ (862)	\$ (75)

(Continued on the following page)



**CITY OF CORNING, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

---

**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.

**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 2016. 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, 2016**

---

**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, 2015, the most recent available:

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, 2016, 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, 2016**

**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, 2016. 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, 2016 and May 3, 2016. 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	2016	\$ 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, 2016**

---

**NOTE 7: OTHER INFORMATION (Continued)**

**Subsequent Event**

Management has evaluated events subsequent to June 30, 2016 through January 10, 2017, 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, 2016, 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, 2016**

---

<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

**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.

**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, 2016**

---

**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.

**CITY OF CORNING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2016

**ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS**

<b>1999 Certificates of Participation</b>			
<b>Installment Payment Schedule for Certificates</b>			
<b>Maturity Date (September 1)</b>			
	<b>Series A Certificates</b>	<b>Series B Certificates</b>	
	<b>Principal Amount</b>	<b>Principal Amount</b>	
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	
	<b>\$ 3,021,600</b>	<b>\$ 243,200</b>	

<b>Clark Well</b>		
<b>Installment Purchase Agreement</b>		
<b>Maturity Date (March 1)</b>		
	<b>Clark Park Municipal Water Project</b>	<b>Principal Amount</b>
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		20,160
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
	<b>\$</b>	<b>574,978</b>

(Continued on the following page)

**CITY OF CORNING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2016

**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)
\$ 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>\$ 3,369,000</u>		<u>\$ 396,000</u>	

(Continued on the following page)



**CITY OF CORNING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2016

**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	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
<b>\$ 1,645,000</b>	

**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>
\$ 208,138	\$ 14,155	\$ 7,707	\$ 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
<b>\$ 1,806,596</b>	<b>\$ 123,383</b>	<b>\$ 67,021</b>	<b>\$ 1,997,000</b>	

(Continued on the following page)

**CITY OF CORNING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

**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, 2016 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, 2016 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.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**Unaudited**

---

---

**THIS PAGE INTENTIONALLY LEFT BLANK**

# CITY OF CORNING

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION AND OPEB

As of June 30, 2016

Last 10 Years\*

### CalPERS Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

	Schedule of the City's Proportionate Share of the Net Pension Liability		Safety Plan	
	Miscellaneous Plan			
	2015	2016	2015	2016
City's proportion of the net pension liability	<u>0.67300%</u>	<u>0.72900%</u>	<u>0.56370%</u>	<u>0.64300%</u>
City's proportionate share of the net pension liability	<u>\$ 1,664,056</u>	<u>\$ 1,659,380</u>	<u>\$ 2,114,718</u>	<u>\$ 2,342,743</u>
City's covered-employee payroll	<u>\$ 997,095</u>	<u>\$ 1,098,749</u>	<u>\$ 1,920,580</u>	<u>\$ 1,859,893</u>
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>166.89%</u>	<u>151.02%</u>	<u>110.11%</u>	<u>125.96%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.03%</u>	<u>83.37%</u>	<u>81.41%</u>	<u>79.81%</u>

#### Notes to Schedule:

Change of benefit terms — In 2015, there were no changes to the benefit terms.

Changes in assumptions — In 2015, there were no changes in assumptions.

	Schedule of the City's Proportionate Share of the Net Pension Liability			
	2015	2016	2015	2016
Contractually required contribution (actuarially determined)	\$ 139,815	\$ 157,234	\$ 451,833	\$ 601,159
Contributions in relation to the contractually required contributions	<u>(139,815)</u>	<u>(157,234)</u>	<u>(451,833)</u>	<u>(601,159)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	<u>\$ 997,095</u>	<u>\$ 1,098,749</u>	<u>\$ 1,920,580</u>	<u>\$ 1,859,893</u>
Contributions as a percentage of covered-employee payroll	<u>14.02%</u>	<u>14.31%</u>	<u>23.53%</u>	<u>32.32%</u>

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

### 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 Postemployment Benefit Plan. As additional years are available, a three-year trend analysis will be presented.

#### Miscellaneous Plan:

	July 1, 2009	July 2, 2013
Actuarial Valuation Date		
Actuarial Accrued Liability (AAL) Entry Age	\$ 1,094,063	\$ 1,138,594
Actuarial Value of Assets	-	178,863
Unfunded Liability (UAAL)	<u>\$ 1,094,063</u>	<u>\$ 959,731</u>
Funded Status	<u>0.00%</u>	<u>0.00%</u>
Annual Covered Payroll	<u>\$ 2,953,000</u>	<u>\$ 2,491,787</u>
UAAL as a % of Payroll	<u>37.05%</u>	<u>38.52%</u>

**CITY OF CORNING**  
**GENERAL FUND**  
**Balance Sheet**  
**June 30, 2016**

Exhibit A-I

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 517,602
Interest Receivable	-
Accounts Receivable	-
Receivable from Other Governments	406,643
Other Receivable	6,006
Due From Other Funds	<u>123,076</u>
 Total Assets	 \$ <u>1,053,327</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 40,069
Accrued Wages/Payroll Taxes	37,283
Accrued Interest Payable	<u>6,625</u>
Total Liabilities	<u>83,977</u>
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred Revenue - Business Licenses	<u>9,470</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>93,447</u>
 <b>FUND EQUITY</b>	
Reserved for contingencies	625,000
Assigned for future projects	<u>334,880</u>
 Total Fund Balances	 <u>959,880</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ <u>1,053,327</u>

**CITY OF CORNING**

Exhibit A-2

**GENERAL FUND****Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2016**

	<b>General Fund</b>
<b>REVENUES:</b>	
Taxes	\$ 4,108,151
Intergovernmental Revenues	165,514
Interest	251
Licenses and Permits	37,363
Miscellaneous	206,524
Total Revenues	<u>4,517,803</u>
<b>EXPENDITURES:</b>	
Current:	
General Government:	
City Council	25,317
City Administration	177,023
City Clerk	11,513
City Treasurer	646
City Finance Department	52,253
General Government	<u>428,830</u>
Total General Government	<u>695,582</u>
Public Safety and Judiciary:	
Legal Services	58,040
Police	1,856,528
Police Dispatch	477,100
Animal Control	101,505
Fire	<u>558,101</u>
Total Public Safety and Judiciary	<u>3,051,274</u>
Transportation:	
Airport	
Streets	<u>195,138</u>
Total Transportation	<u>195,138</u>
Cultural, Parks and Recreation	
Library	18,431
Theater	2,115
Parks and Recreation	<u>261,169</u>
Total Cultural, Parks and Recreation	<u>281,715</u>

Continued on the following page

**CITY OF CORNING**  
**GENERAL FUND**

Exhibit A-2

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2016**

	<u>General Fund</u>
<b>EXPENDITURES (Continued):</b>	
Community/Economic Development:	
Economic Development	21,708
Total Community/Economic Development	<u>21,708</u>
Debt Service:	
Principal	97,443
Interest and Other Charges	188,046
Capital Outlay	<u>-</u>
Total Expenditures	<u>4,530,906</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,103)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In	-
Transfers Out	<u>(129,830)</u>
Total Other Financing Sources and Uses	<u>(129,830)</u>
Net Change in Fund Balances	<u>(142,933)</u>
 Fund Balance-Beginning as previously stated	 1,102,813
As previously stated	
Prior period adjustments	<u>-</u>
Prior period Adjustment	<u>-</u>
Fund Balance-Beginning	<u>1,102,813</u>
Fund Balance-Ending	<u>\$ 959,880</u>



**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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Resources (Inflows):</b>				
<b>Taxes</b>				
Sales and Use Taxes	\$ 2,621,000	2,621,000	\$ 2,551,746	\$ (69,254)
Property Taxes	510,500	510,500	531,323	20,823
Franchise Taxes	108,000	108,000	118,955	10,955
Vehicle License Fees	530,000	530,000	552,103	22,103
Transient Occupancy Tax	330,000	330,000	354,024	24,024
Other Taxes	8,000	8,000	-	(8,000)
Total Taxes	4,107,500	4,107,500	4,108,151	651
Intergovernmental Revenues	38,600	38,600	165,514	126,914
Interest	1,000	1,000	251	(749)
Licenses and Permits	72,000	72,000	37,363	(34,637)
Miscellaneous	223,310	223,310	206,524	(16,786)
<b>Other Financing Sources:</b>				
Operating Transfers In	4,000	4,000	-	(4,000)
Amount Available for Appropriation	4,446,410	4,446,410	4,517,803	71,393
<b>Charges to Appropriations (Outflows):</b>				
<b>City Council</b>				
Personnel Services	18,000	18,000	19,377	(1,377)
Material and Supplies	900	900	858	42
Other Services and Charges	5,200	5,200	5,082	118
Total City Council	24,100	24,100	25,317	(1,217)
<b>City Administration</b>				
Personnel Services	136,973	136,973	174,076	(37,103)
Material and Supplies	1,350	1,350	1,833	(483)
Other Services and Charges	2,000	2,000	1,114	886
Total City Administration	140,323	140,323	177,023	(36,700)
<b>City Clerk</b>				
Personnel Services	4,200	4,200	4,520	(320)
Material and Supplies	11,500	11,500	917	10,583
Other Services and Charges	250	250	6,076	(5,826)
Total City Clerk	15,950	15,950	11,513	4,437
<b>City Treasurer</b>				
Personnel Services	600	600	646	(46)
Material and Supplies	-	-	-	-
Other Services and Charges	-	-	-	-
Total City Treasurer	600	600	646	(46)
<b>City Finance Department</b>				
Personnel Services	22,817	22,817	22,432	385
Material and Supplies	2,000	2,000	5,587	(3,587)
Other Services and Charges	23,340	23,340	24,234	(894)
Total City Finance Department	48,157	48,157	52,253	(4,096)

(Continued)

# CITY OF CORNING

and Changes in Fund Balances - Budget and Actual  
For the Fiscal Years ended June 30, 2016

Exhibit A-3

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government				
Personnel Services	109,638	109,638	167,562	(57,924)
Material and Supplies	219,051	219,051	18,577	200,474
Other Services and Charges	46,644	46,644	242,691	(196,047)
Total General Government	375,333	375,333	428,830	(53,497)
Legal Services				
Other Services and Charges	59,260	59,260	58,040	1,220
Total Legal Services	59,260	59,260	58,040	1,220
Police				
Personnel Services	1,929,720	1,929,720	1,789,682	140,038
Material and Supplies	5,000	5,000	4,385	615
Other Services and Charges	87,170	87,170	62,461	24,709
Total Police	2,021,890	2,021,890	1,856,528	165,362
Police Dispatch				
Personnel Services	401,737	401,737	391,424	10,313
Material and Supplies	6,000	6,000	5,661	339
Other Services and Charges	75,000	75,000	80,015	(5,015)
Total Police Dispatch	482,737	482,737	477,100	5,637
Animal Control				
Personnel Services	81,956	81,956	81,257	699
Material and Supplies	5,900	5,900	5,788	112
Other Services and Charges	16,300	16,300	14,460	1,840
Total Animal Control	104,156	104,156	101,505	2,651
Fire				
Personnel Services	491,425	491,425	494,506	(3,081)
Material and Supplies	4,100	4,100	2,582	1,518
Other Services and Charges	70,750	70,750	61,013	9,737
Total Fire	566,275	566,275	558,101	8,174
Streets				
Personnel Services	246,328	246,328	100,382	145,946
Material and Supplies	68,000	68,000	86,318	(18,318)
Other Services and Charges	11,200	11,200	8,438	2,762
Total Streets	325,528	325,528	195,138	130,390
Library				
Personnel Services	-	-	-	-
Material and Supplies	5,491	5,491	5,644	(153)
Other Services and Charges	12,800	12,800	12,787	13
Total Library	18,291	18,291	18,431	(140)
Theater				
Personnel Services	-	-	-	-
Material and Supplies	-	-	-	-
Other Services and Charges	2,200	2,200	2,115	85
Total Theater	2,200	2,200	2,115	85

(Continued)

See accompanying footnotes to  
the basic financial statements.

**CITY OF CORNING****GENERAL FUND**

Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual

For the Fiscal Years ended June 30, 2016

Exhibit A-3

(Continued)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation				
Personnel Services	166,782	166,782	188,853	(22,071)
Material and Supplies	55,750	55,750	25,672	30,078
Other Services and Charges	38,258	38,258	46,644	(8,386)
Total Parks and recreation	<u>260,790</u>	<u>260,790</u>	<u>261,169</u>	<u>(379)</u>
Economic Development				
Personnel Services	-	-	-	-
Material and Supplies	-	-	-	-
Other Services and Charges	21,500	21,500	21,708	(208)
Total Economic Development	<u>21,500</u>	<u>21,500</u>	<u>21,708</u>	<u>(208)</u>
Debt Service	283,100	283,100	285,489	(2,389)
Capital Outlay	129,830	129,830	129,830	-
Operating Transfer Out	-	-	-	-
 Total Charges to Appropriations	 <u>4,880,020</u>	 <u>4,880,020</u>	 <u>4,660,736</u>	 <u>219,284</u>
 Excess (Deficiency) of Resources Over Appropriations	 \$ <u>(433,610)</u>	 <u>(433,610)</u>	 \$ <u>(142,933)</u>	 \$ <u>290,677</u>

**CITY OF CORNING**  
**SPECIAL REVENUE FUNDS**  
Combining Balance Sheet  
June 30, 2016

	Animal Control Officer Replacement Fund (Fund 072)	Business License ADA (Fund 080)	Rural Planning Fund (Fund 105)
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,263	\$ 1,106	\$ 10,696
Intergovernmental Receivable	-	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	-	-	-
Total Assets	\$ <u>1,263</u>	\$ <u>1,106</u>	\$ <u>10,696</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 43	\$ -
Contract Retentions	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	-	<u>43</u>	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Loans Receivable	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	<u>43</u>	-
<b>Fund Balances (Deficit):</b>			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,263</u>	<u>1,063</u>	<u>10,696</u>
Total Fund Balance (Deficit)	<u>1,263</u>	<u>1,063</u>	<u>10,696</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>1,263</u>	\$ <u>1,106</u>	\$ <u>10,696</u>

(Continued)

## Exhibit B-1

<u>Federal TEA Fund (Fund 108)</u>	<u>Special Gas Tax Improvement #2105 Fund (Fund 109)</u>	<u>Special Gas Tax Improvement #2106 Fund (Fund 110)</u>	<u>Special Gas Tax Improvement #2107 Fund (Fund 111)</u>	<u>Subtotal (Carried forward to next page)</u>
\$ 143,691	\$ 128,588	\$ 82,643	\$ 111,102	\$ 479,089
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>143,691</u>	<u>128,588</u>	<u>82,643</u>	<u>111,102</u>	<u>479,089</u>
\$ 5	\$ -	\$ -	\$ -	\$ 48
-	-	-	-	-
-	-	-	-	-
<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>
-	-	-	-	-
<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>143,686</u>	<u>128,588</u>	<u>82,643</u>	<u>111,102</u>	<u>479,041</u>
<u>143,686</u>	<u>128,588</u>	<u>82,643</u>	<u>111,102</u>	<u>479,041</u>
\$ <u>143,691</u>	\$ <u>128,588</u>	\$ <u>82,643</u>	\$ <u>111,102</u>	\$ <u>479,089</u>

See accompanying notes to  
the basic financial statements

**CITY OF CORNING**  
**SPECIAL REVENUE FUNDS**  
Combining Balance Sheet  
June 30, 2016

	Subtotal (Brought forward)	Special Gas Tax Improvement #2107.5 Fund (Fund 112)	Local Transportation Fund (Fund 114)
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 479,089	\$ 3,874	\$ 164,562
Intergovernmental Receivable	-	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	-	-	-
Total Assets	\$ <u>479,089</u>	\$ <u>3,874</u>	\$ <u>164,562</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 48	\$ -	\$ 3
Contract Retentions	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>48</u>	<u>-</u>	<u>3</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Loans Receivable	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>48</u>	<u>-</u>	<u>3</u>
<b>Fund Balances (Deficit):</b>			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>479,041</u>	<u>3,874</u>	<u>164,559</u>
Total Fund Balance (Deficit)	<u>479,041</u>	<u>3,874</u>	<u>164,559</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>479,089</u>	\$ <u>3,874</u>	\$ <u>164,562</u>

(Continued)

Exhibit B-1  
(Continued)

Special Gas Tax Improvement # 2103 Fund (Fund 115)	Traffic Mitigation Fund (Fund 116)	Safe Route To School (Fund 118)	CDBG Streets (Fund 119)	Subtotal (Carried forward to next page)
\$ 152,936	\$ 140,538	\$ 1,967	\$ -	\$ 942,966
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>152,936</u>	<u>140,538</u>	<u>1,967</u>	<u>-</u>	<u>942,966</u>
\$ 11	\$ -	\$ -	\$ -	\$ 62
-	-	-	-	-
-	-	-	-	-
<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62</u>
-	-	-	-	-
<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>152,925</u>	<u>140,538</u>	<u>1,967</u>	<u>-</u>	<u>942,904</u>
<u>152,925</u>	<u>140,538</u>	<u>1,967</u>	<u>-</u>	<u>942,904</u>
\$ <u>152,936</u>	\$ <u>140,538</u>	\$ <u>1,967</u>	\$ <u>-</u>	\$ <u>942,966</u>

See accompanying notes to  
the basic financial statements

**CITY OF CORNING**  
**SPECIAL REVENUE FUNDS**  
Combining Balance Sheet  
June 30, 2016

	<u>Subtotal (Brought forward)</u>	<u>Rogers Theater Restoration (Fund 130)</u>	<u>Pedestrian Transportation Grant (Fund 145)</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 942,966	\$ -	\$ -
Intergovernmental Receivable	-	-	154,962
Due from other funds	-	-	-
Loans Receivable (CDBG)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>942,966</u>	\$ <u>-</u>	\$ <u>154,962</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 62	\$ -	\$ -
Contract Retentions	-	-	-
Due to Other Funds	-	-	27
Total Liabilities	<u>62</u>	<u>-</u>	<u>27</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Loans Receivable	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>62</u>	<u>-</u>	<u>27</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	942,904	-	154,935
	<u>942,904</u>	<u>-</u>	<u>154,935</u>
Total Fund Balance (Deficit)	<u>942,904</u>	<u>-</u>	<u>154,935</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>942,966</u>	\$ <u>-</u>	\$ <u>154,962</u>

(Continued)



Exhibit B-1  
(Continued)

<u>Flood Mitigation FEMA (Fund 152)</u>	<u>BCJI Program (Fund 166)</u>	<u>Homeland Security (Fund 189)</u>	<u>General Plan Update (Fund 302)</u>	<u>Subtotal (Carried forward to next page)</u>
\$ 709	\$ -	\$ -	\$ -	\$ 943,675
-	-	-	-	154,962
-	-	-	-	-
-	-	-	-	-
\$ <u>709</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,098,637</u>
\$ -	\$ -	\$ -	\$ -	\$ 62
-	-	-	-	-
-	10,583	-	579	11,189
-	10,583	-	579	11,251
-	-	-	-	-
-	10,583	-	579	11,251
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
709	(10,583)	-	(579)	1,087,386
709	(10,583)	-	(579)	1,087,386
\$ <u>709</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,098,637</u>

See accompanying notes to  
the basic financial statements

**CITY OF CORNING**  
**SPECIAL REVENUE FUNDS**  
**Combining Balance Sheet**  
**June 30, 2016**

	<u>Subtotal (Brought forward)</u>	<u>2013 Home Loan Fund (Fund 320)</u>	<u>SALDO Home Loan Fund (Fund 321, 825)</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 943,675	\$ -	\$ -
Intergovernmental Receivable	154,962	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	-	-	3,900,000
	<u>-</u>	<u>-</u>	<u>3,900,000</u>
Total Assets	\$ <u>1,098,637</u>	\$ <u>-</u>	\$ <u>3,900,000</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 62	\$ -	\$ -
Contract Retentions	-	-	-
Due to Other Funds	11,189	10,838	-
Total Liabilities	<u>11,251</u>	<u>10,838</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Loans Receivable	-	-	3,900,000
Total Liabilities and Deferred Inflows of Resources	<u>11,251</u>	<u>10,838</u>	<u>3,900,000</u>
<b>Fund Balances (Deficit):</b>			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	1,087,386	(10,838)	-
	<u>1,087,386</u>	<u>(10,838)</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>1,087,386</u>	<u>(10,838)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>1,098,637</u>	\$ <u>-</u>	\$ <u>3,900,000</u>

(Continued)

Exhibit B-1  
(Continued)

<u>CDBG Program Inc. Unrestricted (Fund 323, 820)</u>	<u>CDBG Economic Reuse (Fund 325, 823)</u>	<u>CDBG Housing Reuse (Fund 326, 821, 822, 824)</u>	<u>Housing Rehabilitation RLF Fund (Fund 328)</u>	<u>Subtotal (Carried forward to next page)</u>
\$ 28,073	\$ 5,644	\$ 1,703	\$ -	\$ 979,095
-	-	-	-	154,962
-	-	-	-	-
<u>77,869</u>	<u>12,586</u>	<u>126,681</u>	<u>-</u>	<u>4,117,136</u>
\$ <u>105,942</u>	\$ <u>18,230</u>	\$ <u>128,384</u>	\$ <u>-</u>	\$ <u>5,251,193</u>
\$ -	\$ 81	\$ -	\$ -	\$ 143
-	-	-	-	-
-	-	-	875	22,902
-	81	-	875	23,045
<u>77,869</u>	<u>12,586</u>	<u>126,681</u>	<u>-</u>	<u>4,117,136</u>
<u>77,869</u>	<u>12,667</u>	<u>126,681</u>	<u>875</u>	<u>4,140,181</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>28,073</u>	<u>5,563</u>	<u>1,703</u>	<u>(875)</u>	<u>1,111,012</u>
<u>28,073</u>	<u>5,563</u>	<u>1,703</u>	<u>(875)</u>	<u>1,111,012</u>
\$ <u>105,942</u>	\$ <u>18,230</u>	\$ <u>128,384</u>	\$ <u>-</u>	\$ <u>5,251,193</u>

See accompanying notes to  
the basic financial statements

**CITY OF CORNING**  
**SPECIAL REVENUE FUNDS**  
Combining Balance Sheet  
June 30, 2016

	<u>Subtotal (Brought forward)</u>	<u>SALADO Wall Fund (Fund 344)</u>	<u>Drainage Fund (Fund 345)</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 979,095	\$ 92,402	\$ 93,779
Intergovernmental Receivable	154,962	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>4,117,136</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>5,251,193</u>	\$ <u>92,402</u>	\$ <u>93,779</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 143	\$ -	\$ -
Contract Retentions	-	-	-
Due to Other Funds	<u>22,902</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>23,045</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Loans Receivable	<u>4,117,136</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,140,181</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficit):</b>			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,111,012</u>	<u>92,402</u>	<u>93,779</u>
Total Fund Balance (Deficit)	<u>1,111,012</u>	<u>92,402</u>	<u>93,779</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>5,251,193</u>	\$ <u>92,402</u>	\$ <u>93,779</u>

(Continued)

Exhibit B-1  
(Continued)

<u>Parks/Rec Revolving Fund (Fund 352)</u>	<u>Park Recycling Grant Fund (Fund 353)</u>	<u>Trail Development Fund (Fund 356)</u>	<u>Curbs and Gutter Fund (Fund 365)</u>	<u>Subtotal (Carried forward to next page)</u>
\$ 1,356	\$ 5,029	\$ 5,883	\$ 481	\$ 1,178,025
-	-	-	-	154,962
-	-	-	-	-
-	-	-	-	4,117,136
<u>\$ 1,356</u>	<u>\$ 5,029</u>	<u>\$ 5,883</u>	<u>\$ 481</u>	<u>\$ 5,450,123</u>
\$ 103	\$ -	\$ -	\$ -	\$ 246
-	-	-	-	-
-	-	-	-	22,902
<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,148</u>
-	-	-	-	4,117,136
<u>103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,140,284</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,253</u>	<u>5,029</u>	<u>5,883</u>	<u>481</u>	<u>1,309,839</u>
<u>1,253</u>	<u>5,029</u>	<u>5,883</u>	<u>481</u>	<u>1,309,839</u>
-	-	-	-	-
<u>\$ 1,356</u>	<u>\$ 5,029</u>	<u>\$ 5,883</u>	<u>\$ 481</u>	<u>\$ 5,450,123</u>

See accompanying notes to  
the basic financial statements

**CITY OF CORNING**  
**SPECIAL REVENUE FUNDS**  
Combining Balance Sheet  
June 30, 2016

	<u>Subtotal (Brought forward)</u>	<u>Wayfinding Maintenance Fund (Fund 370)</u>	<u>Lighting &amp; Landscape Fund (Fund 701)</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,178,025	\$ 1,208	\$ 630
Intergovernmental Receivable	154,962	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>4,117,136</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>5,450,123</u>	\$ <u>1,208</u>	\$ <u>630</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 246	\$ -	\$ 77
Contract Retentions	-	-	-
Due to Other Funds	<u>22,902</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>23,148</u>	<u>-</u>	<u>77</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Loans Receivable	<u>4,117,136</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,140,284</u>	<u>-</u>	<u>77</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,309,839</u>	<u>1,208</u>	<u>553</u>
Total Fund Balance (Deficit)	<u>1,309,839</u>	<u>1,208</u>	<u>553</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>5,450,123</u>	\$ <u>1,208</u>	\$ <u>630</u>

Exhibit B-1  
(Continued)

Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Total
\$ -	\$ 25,325	\$ 4,873	\$ 1,210,061
-	-	-	154,962
-	-	-	-
-	-	-	4,117,136
\$ -	\$ 25,325	\$ 4,873	\$ 5,482,159
\$ 84	\$ 82	\$ 115	\$ 604
-	-	-	-
90	-	-	22,992
174	82	115	23,596
-	-	-	4,117,136
174	82	115	4,140,732
-	-	-	-
-	-	-	-
-	-	-	-
(174)	25,243	4,758	1,341,427
(174)	25,243	4,758	1,341,427
\$ -	\$ 25,325	\$ 4,873	\$ 5,482,159

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, 2016

	Animal Control Officer Replacement Fund (Fund 072)	Business License ADA (Fund 080)	Rural Planning Fund (Fund 105)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Interest	2	-	26
Other Revenues	1,559	421	-
Total revenues	<u>1,561</u>	<u>421</u>	<u>26</u>
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	1,120	173	6,418
Total General Government	<u>1,120</u>	<u>173</u>	<u>6,418</u>
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	-	-	-
Total Transportation	<u>-</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	-	-	-
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	-	-	-
Total Expenditures	<u>1,120</u>	<u>173</u>	<u>6,418</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>441</u>	<u>248</u>	<u>(6,392)</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	441	248	(6,392)
Fund Balances-Beginning of Year	822	815	17,088
Residual Equity Transfers In / Out	-	-	-
Fund Balances-Ending of Year	<u>\$ 1,263</u>	<u>\$ 1,063</u>	<u>\$ 10,696</u>

(Continued)



## Exhibit B-2

Federal TEA Fund (Fund 108)	Special Gas Tax Improvement #2105 Fund (Fund 109)	Special Gas Tax Improvement #2106 Fund (Fund 110)	Special Gas Tax Improvement #2106 Fund (Fund 111)	Subtotal (Carried forward to next page)
\$ 53,709	\$ 43,023	\$ 31,323	\$ 56,023	\$ 184,078
223	261	150	177	839
-	-	-	-	1,980
<u>53,932</u>	<u>43,284</u>	<u>31,473</u>	<u>56,200</u>	<u>186,897</u>
-	-	-	-	7,711
-	-	-	-	7,711
-	-	-	-	-
-	-	-	-	-
19,122	21,430	15,302	7,592	63,446
<u>19,122</u>	<u>21,430</u>	<u>15,302</u>	<u>7,592</u>	<u>63,446</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	15,914	-	-	15,914
<u>19,122</u>	<u>37,344</u>	<u>15,302</u>	<u>7,592</u>	<u>87,071</u>
34,810	5,940	16,171	48,608	99,826
-	-	-	-	-
-	-	-	-	-
<u>34,810</u>	<u>5,940</u>	<u>16,171</u>	<u>48,608</u>	<u>99,826</u>
108,876	122,648	66,472	62,494	379,215
-	-	-	-	-
<u>\$ 143,686</u>	<u>\$ 128,588</u>	<u>\$ 82,643</u>	<u>\$ 111,102</u>	<u>\$ 479,041</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, 2016

	Subtotal (Brought forward)	Special Gas Tax Improvement #2107.5 Fund (Fund 112)	Local Transportation Fund (Fund 114)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ 184,078	\$ 2,000	\$ 104,971
Interest	839	10	236
Other Revenues	1,980	1,027	5,825
Total revenues	186,897	3,037	111,032
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	7,711	-	2,275
Total General Government	7,711	-	2,275
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Streets	63,446	2,528	15,632
Total Transportation	63,446	2,528	15,632
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	-	-	-
Capital Outlay	15,914	-	-
Total Expenditures	87,071	2,528	17,907
Excess (Deficiency) of Revenues Over Expenditures	99,826	509	93,125
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	-	-	-
Net Change in Fund Balances	99,826	509	93,125
Fund Balances-Beginning of Year	379,215	3,365	71,434
Residual Equity Transfers In / Out	-	-	-
Fund Balances-Ending of Year	\$ 479,041	\$ 3,874	\$ 164,559

(Continued)

## Exhibit B-2

(Continued)

Special Gas Tax Improvement # 2103 Fund (Fund 115)	Traffic Mitigation Fund (Fund 116)	Safe Route To School (Fund 118)	CDBG Streets (Fund 119)	Subtotal (Carried forward to next page)
\$ 39,365	\$ 3,701	\$ -	\$ -	\$ 334,115
297	273	4	-	1,659
-	1,025	-	-	9,857
39,662	4,999	4	-	345,631
-	-	-	-	9,986
-	-	-	-	9,986
-	-	-	-	-
-	-	-	-	-
24,455	498	-	7,385	113,944
24,455	498	-	7,385	113,944
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	445,192	461,106
24,455	498	-	452,577	585,036
15,207	4,501	4	(452,577)	(239,405)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
15,207	4,501	4	(452,577)	(239,405)
137,718	136,037	1,963	452,577	1,182,309
-	-	-	-	-
\$ 152,925	\$ 140,538	\$ 1,967	\$ -	\$ 942,904

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, 2016

	Subtotal (Brought forward)	Rogers Theater Restoration (Fund 130)	Pedestrian Transportation Grant (Fund 145)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ 334,115	\$ -	283,448
Interest	1,659	-	-
Other Revenues	9,857	1,004	-
Total revenues	<u>345,631</u>	<u>1,004</u>	<u>283,448</u>
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	9,986	-	-
Total General Government	<u>9,986</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	113,944	-	106,258
Total Transportation	<u>113,944</u>	<u>-</u>	<u>106,258</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	461,106	-	-
Total Expenditures	<u>585,036</u>	<u>-</u>	<u>106,258</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(239,405)</u>	<u>1,004</u>	<u>177,190</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(239,405)</u>	<u>1,004</u>	<u>177,190</u>
Fund Balances-Beginning of Year	<u>1,182,309</u>	<u>(1,004)</u>	<u>(22,255)</u>
Residual Equity Transfers In / Out	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending of Year	\$ <u>942,904</u>	\$ <u>-</u>	\$ <u>154,935</u>

(Continued)

Exhibit B-2  
(Continued)

Flood Mitigation FEMA (Fund 152)	BCJI Program (Fund 166)	Homeland Security (Fund 189)	General Plan Update (Fund 302)	Subtotal (Carried forward to next page)
\$ 1	\$ 319,906	\$ 3,500	\$ 86,762	\$ 1,027,732
-	-	-	-	1,659
-	-	-	-	10,861
1	319,906	3,500	86,762	1,040,252
-	-	-	23,029	33,015
-	-	-	23,029	33,015
-	337,821	3,500	-	341,321
-	337,821	3,500	-	341,321
-	-	-	-	220,202
-	-	-	-	220,202
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	461,106
-	337,821	3,500	23,029	1,055,644
1	(17,915)	-	63,733	(15,392)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1	(17,915)	-	63,733	(15,392)
708	7,332	-	(64,312)	1,102,778
-	-	-	-	-
\$ 709	\$ (10,583)	\$ -	\$ (579)	\$ 1,087,386

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, 2016

	Subtotal (Brought forward)	2013 Home Loan Fund (Fund 320)	CDBG Program Inc. Unrestricted (Fund 323, 820)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ 1,027,732	\$ -	\$ -
Interest	1,659	-	27
Other Revenues	10,861	-	19,907
Total revenues	1,040,252	-	19,934
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	33,015	10,838	-
Total General Government	33,015	10,838	-
Public Safety and Judiciary:			
Police	341,321	-	-
Total Public Safety and Judiciary	341,321	-	-
Transportation:			
Streets	220,202	-	-
Total Transportation	220,202	-	-
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	-	-	-
Capital Outlay	461,106	-	-
Total Expenditures	1,055,644	10,838	-
Excess (Deficiency) of Revenues Over Expenditures	(15,392)	(10,838)	19,934
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	-	-	-
Net Change in Fund Balances	(15,392)	(10,838)	19,934
Fund Balances-Beginning of Year	1,102,778	-	8,139
Residual Equity Transfers In / Out	-	-	-
Fund Balances-Ending of Year	\$ 1,087,386	\$ (10,838)	\$ 28,073

(Continued)

Exhibit B-2  
(Continued)

CDBG Economic Reuse (Fund 325, 823)	CDBG Housing Reuse (Fund 326, 821, 822, 824)	Housing Rehabilitation RLF Fund (Fund 328)	SALADO Wall Fund (Fund 344)	Subtotal (Carried forward to next page)
\$ -	\$ -	\$ -	\$ -	\$ 1,027,732
6	3	-	183	1,878
3,634	500	-	-	34,902
3,640	503	-	183	1,064,512
50	-	-	-	43,903
50	-	-	-	43,903
-	-	-	-	341,321
-	-	-	-	341,321
-	-	-	-	220,202
-	-	-	-	220,202
-	-	-	-	-
-	-	-	-	-
-	-	875	-	875
-	-	875	-	875
-	-	-	-	461,106
50	-	875	-	1,067,407
3,590	503	(875)	183	(2,895)
-	-	-	-	-
-	-	-	-	-
3,590	503	(875)	183	(2,895)
1,973	1,200	-	92,219	1,206,309
-	-	-	-	-
\$ 5,563	\$ 1,703	\$ (875)	\$ 92,402	\$ 1,203,414

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, 2016

	Subtotal (Brought forward)	Drainage Fund (Fund 345)	Parks/Rec Revolving Fund (Fund 352)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ 1,027,732	\$ 692	\$ -
Interest	1,878	184	4
Other Revenues	34,902	-	240
Total revenues	1,064,512	876	244
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	43,903	-	-
Total General Government	43,903	-	-
Public Safety and Judiciary:			
Police	341,321	-	-
Total Public Safety and Judiciary	341,321	-	-
Transportation:			
Streets	220,202	-	-
Total Transportation	220,202	-	-
Cultural, Parks and Recreation			
Parks and Recreation	-	-	1,691
Total Cultural, Parks and Recreation	-	-	1,691
Community/Economic Development:			
Economic Development	875	-	-
Total Community/Economic Development	875	-	-
Capital Outlay	461,106	-	-
Total Expenditures	1,067,407	-	1,691
Excess (Deficiency) of Revenues Over Expenditures	(2,895)	876	(1,447)
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	-	-	-
Net Change in Fund Balances	(2,895)	876	(1,447)
Fund Balances-Beginning of Year	1,206,309	92,903	2,700
Residual Equity Transfers In / Out	-	-	-
Fund Balances-Ending of Year	\$ 1,203,414	\$ 93,779	\$ 1,253

(Continued)



Exhibit B-2  
(Continued)

Park Recycling Grant Fund (Fund 353)	Trail Development Fund (Fund 356)	Curbs and Gutter Fund (Fund 365)	Wayfinding Maintenance Fund (Fund 370)	Subtotal (Carried forward to next page)
\$ -	\$ -	\$ -	\$ -	\$ 1,028,424
10	12	1	2	2,091
-	-	-	-	35,142
<u>10</u>	<u>12</u>	<u>1</u>	<u>2</u>	<u>1,065,657</u>
-	-	-	-	43,903
-	-	-	-	43,903
-	-	-	-	341,321
-	-	-	-	341,321
-	-	-	-	220,202
-	-	-	-	220,202
-	-	-	-	1,691
-	-	-	-	1,691
-	-	-	-	875
-	-	-	-	875
-	-	-	-	461,106
-	-	-	-	1,069,098
<u>10</u>	<u>12</u>	<u>1</u>	<u>2</u>	<u>(3,441)</u>
-	-	-	-	-
-	-	-	-	-
<u>10</u>	<u>12</u>	<u>1</u>	<u>2</u>	<u>(3,441)</u>
<u>5,019</u>	<u>5,871</u>	<u>480</u>	<u>1,206</u>	<u>1,314,488</u>
-	-	-	-	-
\$ <u>5,029</u>	\$ <u>5,883</u>	\$ <u>481</u>	\$ <u>1,208</u>	\$ <u>1,311,047</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, 2016

	Subtotal (Brought forward)	Lighting & Landscape Fund (Fund 701)	Lighting & Landscape Fund (Fund 702)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ 1,028,424	\$ -	\$ -
Interest	2,091	1	-
Other Revenues	35,142	920	-
Total revenues	<u>1,065,657</u>	<u>921</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	43,903	-	-
Total General Government	<u>43,903</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	341,321	-	-
Total Public Safety and Judiciary	<u>341,321</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	220,202	1,051	174
Total Transportation	<u>220,202</u>	<u>1,051</u>	<u>174</u>
Cultural, Parks and Recreation			
Parks and Recreation	1,691	-	-
Total Cultural, Parks and Recreation	<u>1,691</u>	<u>-</u>	<u>-</u>
Community/Economic Development:			
Economic Development	875	-	-
Total Community/Economic Development	<u>875</u>	<u>-</u>	<u>-</u>
Capital Outlay	461,106	-	-
Total Expenditures	<u>1,069,098</u>	<u>1,051</u>	<u>174</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,441)</u>	<u>(130)</u>	<u>(174)</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(3,441)</u>	<u>(130)</u>	<u>(174)</u>
Fund Balances-Beginning of Year	1,314,488	683	-
Residual Equity Transfers In / Out	-	-	-
Fund Balances-Ending of Year	\$ <u>1,311,047</u>	\$ <u>553</u>	\$ <u>(174)</u>

(Continued)

Exhibit B-2  
(Continued)

Lighting & Landscape Fund (Fund 703)		Lighting & Landscape Fund (Fund 704)		Totals
\$	-	\$	-	\$ 1,028,424
	46		11	2,149
	<u>4,192</u>		<u>4,773</u>	<u>45,027</u>
	<u>4,238</u>		<u>4,784</u>	<u>1,075,600</u>
	-		-	43,903
	-		-	<u>43,903</u>
	-		-	341,321
	-		-	<u>341,321</u>
	<u>1,697</u>		<u>8,688</u>	<u>231,812</u>
	<u>1,697</u>		<u>8,688</u>	<u>231,812</u>
	-		-	1,691
	-		-	<u>1,691</u>
	-		-	875
	-		-	<u>875</u>
	-		-	461,106
	<u>1,697</u>		<u>8,688</u>	<u>1,080,708</u>
	<u>2,541</u>		<u>(3,904)</u>	<u>(5,108)</u>
	-		-	-
	-		-	-
	-		-	-
	<u>2,541</u>		<u>(3,904)</u>	<u>(5,108)</u>
	<u>22,702</u>		<u>8,662</u>	<u>1,346,535</u>
\$	<u>25,243</u>	\$	<u>4,758</u>	\$ <u>1,341,427</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, 2016

Business License ADA (Fund 80)			
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Interest	100	2	(98)
Other Revenues	-	1,559	1,559
Total revenues	100	1,561	1,461
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	100	1,120	(1,020)
Total General Government	100	1,120	(1,020)
Public Safety and Judiciary:			
Legal Services	-	-	-
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	100	1,120	(1,020)
Excess of Revenues Over (Under) Expenditures	-	441	441
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Over)	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	441	\$ 441
<b>FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR</b>		822	
Prior Period Adjustment		-	
As Restated		822	
Residual Equity Transfers In / Out		-	
<b>FUND BALANCE (DEFICIT), AT END OF YEAR</b>		\$ 1,263	

(Continued)

Exhibit B-3

Business License ADA (Fund 80)			Rural Planning Fund (Fund 105)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 21,000	\$ -	\$ (21,000)
100	-	(100)	-	26	26
-	421	421	-	-	-
100	421	321	21,000	26	(20,974)
100	173	(73)	21,000	6,418	14,582
100	173	(73)	21,000	6,418	14,582
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
100	173	(73)	21,000	6,418	14,582
-	248	248	-	(6,392)	(6,392)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	248	\$ 248	\$ -	(6,392)	\$ (6,392)
	815			17,088	
	-			-	
	815			17,088	
	-			-	
\$	1,063		\$	10,696	

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, 2016**

(Continued)

Exhibit B-3  
(Continued)

Special Gas Tax Improvement #2105 (Fund 109)			Special Gas Tax 2106 (Fund 110)		
		Variance			Variance
Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
\$ 44,000	\$ 43,023	\$ (977)	\$ 27,500	\$ 31,323	\$ 3,823
100	261	161	100	150	50
-	-	-	-	-	-
44,100	43,284	(816)	27,600	31,473	3,873
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
71,757	21,430	50,327	51,117	15,302	35,815
71,757	21,430	50,327	51,117	15,302	35,815
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
65,000	15,914	49,086	25,000	-	25,000
136,757	37,344	99,413	76,117	15,302	60,815
(92,657)	5,940	98,597	(48,517)	16,171	64,688
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (92,657)	5,940	\$ 98,597	\$ (48,517)	16,171	\$ 64,688
	122,648			66,472	
	-			-	
	122,648			66,472	
	-			-	
\$ 128,588			\$ 82,643		

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, 2016

Special Gas Tax 2107 (Fund 111)			
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ 60,500	\$ 56,023	\$ (4,477)
Interest	100	177	77
Other Revenues	-	-	-
Total revenues	60,600	56,200	(4,400)
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	-	-	-
Total General Government	-	-	-
Public Safety and Judiciary:			
Legal Services	-	-	-
Police	-	-	-
Fire	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Streets	67,034	7,592	59,442
Total Transportation	67,034	7,592	59,442
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	-	-	-
Capital Outlay	40,000	-	40,000
Total Expenditures	107,034	7,592	99,442
Excess of Revenues Over (Under) Expenditures	(46,434)	48,608	95,042
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Over)	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (46,434)	48,608	\$ 95,042
<b>FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR</b>		62,494	
Prior Period Adjustment		-	
As Restated		62,494	
Residual Equity Transfers In / Out		-	
<b>FUND BALANCE (DEFICIT), AT END OF YEAR</b>		\$ 111,102	

(Continued)



Exhibit B-3  
(Continued)

Special Gas Tax 2107.5 (Fund 112)			Local Transportation Fund (Fund 114)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,000	\$ 2,000	\$ -	\$ 105,400	\$ 104,971	\$ (429)
-	10	10	-	236	236
-	1,027	1,027	-	5,825	5,825
2,000	3,037	1,037	105,400	111,032	5,632
-	-	-	-	2,275	(2,275)
-	-	-	-	2,275	(2,275)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	2,528	(528)	67,300	15,632	51,668
2,000	2,528	(528)	67,300	15,632	51,668
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	2,528	(528)	17,500	-	17,500
-	509	509	84,800	17,907	66,893
-	-	-	20,600	93,125	72,525
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	509	\$ 509	\$ 20,600	93,125	\$ 72,525
	3,365			71,434	
	-			-	
	3,365			71,434	
	-			-	
\$	3,874		\$	164,559	

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, 2016

**REVENUES:**

Intergovernmental Revenues  
Interest  
Other Revenues  
Total revenues

**EXPENDITURES:**

Current:

General Government:  
    General Government  
    Total General Government  
Public Safety and Judiciary:  
    Legal Services  
    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  
Operating Transfers Out  
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 #2103 (Fund 115)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 38,200	\$ 39,365	\$ 1,165
100	297	197
-	-	-
38,300	39,662	1,362
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
106,600	24,455	82,145
106,600	24,455	82,145
-	-	-
-	-	-
-	-	-
-	-	-
15,000	-	15,000
121,600	24,455	97,145
(83,300)	15,207	98,507
-	-	-
-	-	-
-	-	-
\$ (83,300)	15,207	\$ 98,507
	137,718	
	-	
	137,718	
	-	
	\$ 152,925	

(Continued)

Exhibit B-3  
(Continued)

Traffic Mitigation Fund (Fund 116)			Safe Route to School Fund (Fund 118)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 5,000	\$ 3,701	\$ (1,299)	\$ -	\$ -	\$ -
-	273	273	-	4	4
-	1,025	1,025	-	-	-
5,000	4,999	(1)	-	4	4
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	498	2,502	-	-	-
3,000	498	2,502	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	498	2,502	-	-	-
2,000	4,501	2,501	-	4	4
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 2,000	4,501	\$ 2,501	\$ -	4	\$ 4
136,037			1,963		
-			-		
136,037			1,963		
-			-		
\$ 140,538			\$ 1,967		

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, 2016

CDBG Streets (Fund 119)		
	Budget	Variance Favorable (Unfavorable)
<b>REVENUES:</b>		
Intergovernmental Revenues	\$ -	\$ -
Interest	-	-
Other Revenues	-	-
Total revenues	-	-
<b>EXPENDITURES:</b>		
Current:		
General Government:		
General Government	17,000	-
Total General Government	17,000	-
Public Safety and Judiciary:		
Legal Services	-	-
Police	-	-
Fire	-	-
Total Public Safety and Judiciary	-	-
Transportation:		
Streets	-	7,385
Total Transportation	-	7,385
Cultural, Parks and Recreation		
Parks and Recreation	-	-
Total Cultural, Parks and Recreation	-	-
Community/Economic Development:		
Economic Development	-	-
Total Community/Economic Development	-	-
Capital Outlay	438,000	445,192
Total Expenditures	455,000	452,577
Excess of Revenues Over (Under) Expenditures	(455,000)	(452,577)
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating Transfers In	-	-
Operating Transfers Out	-	-
Total Other Financing Sources (Over)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (455,000)	(452,577) \$
<b>FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR</b>		452,577
Prior Period Adjustment		-
As Restated		452,577
Residual Equity Transfers In / Out		-
<b>FUND BALANCE (DEFICIT), AT END OF YEAR</b>		\$ -

(Continued)

Exhibit B-3  
(Continued)

Pedestrian Transportation Grant Fund (Fund 145)			Flood Mitigation FEMA (Fund 152)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 125,000	\$ 283,448	\$ 158,448	\$ -	\$ 1	\$ 1
-	-	-	-	-	-
-	-	-	-	-	-
125,000	283,448	158,448	-	1	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
125,000	106,258	18,742	-	-	-
125,000	106,258	18,742	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
125,000	106,258	18,742	-	-	-
-	177,190	177,190	-	1	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	177,190	\$ 177,190	\$ -	1	\$ 1
	(22,255)			708	
	-			-	
	(22,255)			708	
	-			-	
\$ 154,935			\$ 709		

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, 2016

BCJI Program Fund (Fund 166)			
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ 454,800	\$ 319,906	\$ (134,894)
Interest	-	-	-
Other Revenues	-	-	-
Total revenues	454,800	319,906	(134,894)
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	-	-	-
Total General Government	-	-	-
Public Safety and Judiciary:			
Legal Services	-	-	-
Police	460,803	337,821	122,982
Fire	-	-	-
Total Public Safety and Judiciary	460,803	337,821	122,982
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	460,803	337,821	122,982
Excess of Revenues Over (Under) Expenditures	(6,003)	(17,915)	(11,912)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing	-	-	-
Sources (Over)	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (6,003)	(17,915)	\$ (11,912)
<b>FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR</b>		7,332	
Prior Period Adjustment		-	
As Restated		7,332	
Residual Equity Transfers In / Out		-	
<b>FUND BALANCE (DEFICIT), AT END OF YEAR</b>		\$ (10,583)	

(Continued)

Exhibit B-3  
(Continued)

Homeland Security Grant (Fund 189)			General Plan Update Fund (Fund 302)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 3,500	\$ 3,500	\$ -	\$ 100,000	\$ 86,762	\$ (13,238)
-	-	-	-	-	-
-	-	-	-	-	-
3,500	3,500	-	100,000	86,762	(13,238)
-	-	-	-	-	-
-	-	-	82,500	23,029	59,471
-	-	-	82,500	23,029	59,471
-	-	-	-	-	-
3,500	3,500	-	-	-	-
-	-	-	-	-	-
3,500	3,500	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,500	3,500	-	82,500	23,029	59,471
-	-	-	17,500	63,733	46,233
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 17,500	\$ 63,733	\$ 46,233
-	-	-	-	(64,312)	-
-	-	-	-	-	-
-	-	-	-	(64,312)	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ (579)	\$ -

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, 2016

**REVENUES:**

Intergovernmental Revenues  
Interest  
Other Revenues  
Total revenues

**EXPENDITURES:**

Current:

General Government:  
    General Government  
    Total General Government  
Public Safety and Judiciary:  
    Legal Services  
    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  
Operating Transfers Out  
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**

2013 Home Loan Fund (Fund 320)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	10,838	(10,838)
-	10,838	(10,838)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	10,838	(10,838)
-	(10,838)	(10,838)
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	(10,838)	\$ (10,838)
-	-	-
-	-	-
-	-	-
-	-	-
\$	(10,838)	\$ (10,838)



Exhibit B-3  
(Continued)

CDBG Program Unrestricted (Fund 323, 820)			CDBG Economic Reuse (Fund 325, 823)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	27	27	500	6	(494)
-	19,907	19,907	3,500	3,634	134
-	19,934	19,934	4,000	3,640	(360)
-	-	-	-	-	-
-	-	-	-	50	(50)
-	-	-	-	50	(50)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,000	-	4,000
-	-	-	4,000	-	4,000
-	-	-	-	-	-
-	-	-	4,000	50	3,950
-	19,934	19,934	-	3,590	3,590
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	19,934	\$ 19,934	\$ -	3,590	\$ 3,590
	8,139			1,973	
	-			-	
	8,139			1,973	
	-			-	
\$	28,073		\$	5,563	

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, 2016

**REVENUES:**

Intergovernmental Revenues  
Interest  
Other Revenues  
Total revenues

**EXPENDITURES:**

Current:

General Government:  
    General Government  
    Total General Government  
Public Safety and Judiciary:  
    Legal Services  
    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  
Operating Transfers Out  
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**

CDBG Housing Reuse (Fund 326, 821, 822)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
500	3	(497)
-	500	500
500	503	3
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
500	503	3
-	-	-
-	-	-
-	-	-
-	-	-
\$ 500	503	\$ 3
	1,200	
	-	
	1,200	
	-	
\$	1,703	

(Continued)

Exhibit B-3  
(Continued)

Housing Rehabilitation RLF Fund (Fund 328)			SALADO Wall Fund (Fund 344)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	200	183	(17)
-	-	-	-	-	-
-	-	-	200	183	(17)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	875	(875)	-	-	-
-	875	(875)	-	-	-
-	-	-	92,000	-	92,000
-	875	(875)	92,000	-	92,000
-	(875)	(875)	(91,800)	183	91,983
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	(875)	\$ (875)	\$ (91,800)	183	\$ 91,983
-	-	-	-	92,219	-
-	-	-	-	-	-
-	-	-	-	92,219	-
-	-	-	-	-	-
\$ (875)	-	\$ (875)	\$ 92,402	-	\$ 92,402

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, 2016

**REVENUES:**

Intergovernmental Revenues  
Interest  
Other Revenues  
Total revenues

**EXPENDITURES:**

Current:

General Government:

General Government  
Total General Government

Public Safety and Judiciary:

Legal Services  
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  
Operating Transfers Out  
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**

Drainage Fund (Fund 345)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 10,000	\$ 692	\$ (9,308)
1,000	184	(816)
-	-	-
11,000	876	(10,124)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
11,000	-	11,000
11,000	-	11,000
-	876	876
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	\$ 876	\$ 876
	92,903	
	-	
	92,903	
	-	
	\$ 93,779	

Parks/Rec Revolving Fund (Fund 352)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	4	4
500	240	(260)
500	244	(256)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,000	1,691	309
2,000	1,691	309
-	-	-
-	-	-
-	-	-
2,000	1,691	309
(1,500)	(1,447)	53
-	-	-
-	-	-
-	-	-
\$ (1,500)	(1,447)	\$ 53
	2,700	
	-	
	2,700	
	-	
\$	1,253	

Park Recycling Grant (Fund 353)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 5,000	\$ -	\$ (5,000)
-	10	10
-	-	-
5,000	10	(4,990)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
5,000	-	5,000
5,000	-	5,000
-	-	-
-	-	-
-	-	-
5,000	-	5,000
-	10	10
-	-	-
-	-	-
-	-	-
\$ -	10	\$ 10
	5,019	
	-	
	5,019	
	-	
\$	5,029	

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, 2016**

Intergovernmental Revenues	
Interest	
Other Revenues	
Total revenues	

Current:

General GovernmentPublic Safety and Judiciary:

Police

To

## Streets

Cultural, Parks and RecreationTotal Cultural, Parks and Recreation

## Economic Development

### Capital Outlay

### Excess of Revenues Over

**OTHER FINANCING SOURCES (USES):**Operating Transfers Out

Sources (Over)

Sources Over (Under)**FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR**As RestatedFUND BALANCE (DEFICIT), AT END OF YEAR

Trail Development Fund (Fund 356)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	12	12
-	-	-
-	12	12
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	12	12
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	12	\$ 12
	5,871	
	-	
	5,871	
	-	
\$	5,883	

Exhibit B-3  
(Continued)

Curbs and Gutter Fund (Fund 365)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	1	1
-	-	-
-	1	1
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	1	1
-	-	-
-	-	-
-	-	-
\$ -	1	\$ 1
	480	
	-	
	480	
	-	
\$	481	

# CITY OF CORNING

## SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance (Deficit) - Budget And Actual  
Year Ended June 30, 2016

Way Finding Fund (Fund 370)		
	Budget	Variance Favorable (Unfavorable)
<b>REVENUES:</b>		
Intergovernmental Revenues	\$ -	\$ -
Interest	-	2
Other Revenues	-	-
Total revenues	-	2
<b>EXPENDITURES:</b>		
Current:		
General Government:		
General Government	-	-
Total General Government	-	-
Public Safety and Judiciary:		
Legal Services	-	-
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	1,200	-
Total Community/Economic Development	1,200	-
Capital Outlay	-	-
Total Expenditures	1,200	-
Excess of Revenues Over (Under) Expenditures	(1,200)	2
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating Transfers In	-	-
Operating Transfers Out	-	-
Total Other Financing Sources (Over)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (1,200)	\$ 1,202
<b>FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR</b>		
Prior Period Adjustment		1,206
As Restated		-
Residual Equity Transfers In / Out		1,206
<b>FUND BALANCE (DEFICIT), AT END OF YEAR</b>		\$ 1,208

(Continued)



Exhibit B-3  
(Continued)

Lighting & Landscape Fund (Fund 701)			Lighting & Landscape Fund (Fund 702)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1	1	-	-	-
1,090	920	(170)	-	-	-
1,090	921	(169)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
963	1,051	(88)	174	174	-
963	1,051	(88)	174	174	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
963	1,051	(88)	174	174	-
127	(130)	(257)	(174)	(174)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 127	(130)	\$ (257)	\$ (174)	(174)	\$ -
	683			-	
	-			-	
	683			-	
	-			-	
\$ 553			\$ (174)		

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, 2016

**REVENUES:**

Intergovernmental Revenues  
Interest  
Other Revenues  
Total revenues

**EXPENDITURES:**

Current:

General Government:

General Government  
Total General Government

Public Safety and Judiciary:

Legal Services  
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

Operating Transfers Out

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	46	(54)
2,900	4,192	1,292
3,000	4,238	1,238
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
11,800	1,697	10,103
11,800	1,697	10,103
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
11,800	1,697	10,103
(8,800)	2,541	11,341
-	-	-
-	-	-
-	-	-
\$ (8,800)	2,541	\$ 11,341
	22,702	
	-	
	22,702	
	-	
	25,243	

(Continued)

Exhibit B-3  
(Continued)

Lighting & Landscape Fund (Fund 704)			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,053,900	\$ 1,028,424	\$ (25,476)
50	11	(39)	2,950	2,149	(801)
4,775	4,773	(2)	12,765	44,023	31,258
4,825	4,784	(41)	1,069,615	1,074,596	4,981
-	-	-	-	-	-
-	-	-	120,700	43,903	76,797
-	-	-	120,700	43,903	76,797
-	-	-	464,303	341,321	122,982
-	-	-	-	-	-
-	-	-	464,303	341,321	122,982
4,792	8,688	(3,896)	657,952	231,812	426,140
4,792	8,688	(3,896)	657,952	231,812	426,140
-	-	-	7,000	1,691	5,309
-	-	-	7,000	1,691	5,309
-	-	-	5,200	875	4,325
-	-	-	5,200	875	4,325
-	-	-	786,915	461,106	325,809
4,792	8,688	(3,896)	2,042,070	1,080,708	961,362
33	(3,904)	(3,937)	(972,455)	(6,112)	966,343
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 33	(3,904)	\$ (3,937)	\$ (972,455)	(6,112)	966,343
	8,662			1,347,539	
	-			-	
	8,662			1,347,539	
	-			-	
\$	4,758		\$	1,341,427	

See accompanying notes to  
the basic financial statements

**CITY OF CORNING**  
**CAPITAL PROJECTS FUNDS**

Combining Balance Sheet  
June 30, 2016

	Police Equipment Replacement Fund (Fund 071)	Police Equipment Replacement Fund (Fund 073)	Fire Equipment Replacement Fund (Fund 076)
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 28,614	\$ 10,040	\$ 88,874
Intergovernmental Receivable	-	-	-
Due from Other Funds	-	-	-
Other Assets:			
Restricted Cash: Loan Repayment	-	-	-
Total assets	\$ 28,614	\$ 10,040	\$ 88,874
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 127	\$ -	\$ -
Due to Other Funds	-	-	-
Other Current Liabilities	-	-	-
Total liabilities	127	-	-
Fund Balances			
Unassigned	28,487	10,040	88,874
Total Fund Balances	28,487	10,040	88,874
Total Liabilities and Fund Balances	\$ 28,614	\$ 10,040	\$ 88,874

See accompanying notes to  
the basic financial statements.

## Exhibit C-1

Public Works Equipment Replacement Fund (Fund 078)	Park Acquisition Fund (Fund 341)	Bedroom Tax Fund (Fund 355)	Street Scape Fund (Fund 359)	Totals
\$ 32,082	\$ 198,977	\$ 20,342	\$ -	\$ 378,929
-	-	-	617,152	617,152
-	-	-	-	-
-	-	-	-	-
\$ 32,082	\$ 198,977	\$ 20,342	\$ 617,152	\$ 996,081
\$ -	\$ -	\$ 105	\$ 484,452	\$ 484,684
-	-	-	100,084	100,084
-	-	-	32,616	32,616
-	-	105	617,152	617,384
32,082	198,977	20,237	-	378,697
32,082	198,977	20,237	-	378,697
\$ 32,082	\$ 198,977	\$ 20,342	\$ 617,152	\$ 996,081

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, 2016

	Police Equipment Replacement Fund (Fund 071)	Police Equipment Replacement Fund (Fund 073)	Fire Equipment Replacement Fund (Fund 076)
<b>REVENUES:</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	-
Interest	118	20	176
Other	8,569	-	46,699
Total Revenues	<u>8,687</u>	<u>20</u>	<u>46,875</u>
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Government	-	-	-
Total General Government	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	-	-	-
Total Transportation	<u>-</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	-	-	-
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	75,616	-	47,131
Total Expenditures	<u>75,616</u>	<u>-</u>	<u>47,131</u>
Excess of Revenues Over (Under) Expenditures	<u>(66,929)</u>	<u>20</u>	<u>(256)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	89,330	-	40,500
Operating Transfers Out	-	-	-
Total Other Financing Sources (Over)	<u>89,330</u>	<u>-</u>	<u>40,500</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>22,401</u>	<u>20</u>	<u>40,244</u>
<b>FUND BALANCE, AT BEGINNING OF YEAR</b>	<u>6,086</u>	<u>10,020</u>	<u>48,630</u>
Residual Equity Transfers In	-	-	-
Residual Equity Transfers Out	-	-	-
<b>FUND BALANCE, AT END OF YEAR</b>	<u>\$ 28,487</u>	<u>\$ 10,040</u>	<u>\$ 88,874</u>

(Continued)

See accompanying notes to  
the basic financial statements.

## Exhibit C-2

Public Works Equipment Replacement Fund (Fund 078)	Park Acquisition Fund (Fund 341)	Bedroom Tax Fund (Fund 355)	Street Scape Fund (Fund 359)	Totals
\$ -	\$ -	\$ -	\$ 677,519	\$ 677,519
-	-	-	-	-
54	395	64	-	827
13,015	555	500	-	69,338
13,069	950	564	677,519	747,684
761	-	-	-	761
761	-	-	-	761
-	-	-	-	-
-	-	-	-	-
-	-	27,227	-	27,227
-	-	27,227	-	27,227
-	-	-	-	-
-	-	-	-	-
-	1,852	-	677,519	802,118
761	1,852	27,227	677,519	830,106
12,308	(902)	(26,663)	-	(82,422)
-	-	-	-	129,830
-	-	-	-	-
-	-	-	-	129,830
12,308	(902)	(26,663)	-	47,408
19,774	199,879	46,900	-	331,289
-	-	-	-	-
-	-	-	-	-
\$ 32,082	\$ 198,977	\$ 20,237	\$ -	\$ 378,697

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, 2016

### 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	118	18
-	8,569	8,569
100	8,687	8,587
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
89,330	75,616	13,714
89,330	75,616	13,714
(89,230)	(66,929)	22,301
57,000	89,330	32,330
-	-	-
57,000	89,330	32,330
\$ (32,230)	22,401	\$ 54,631
	6,086	
	-	
	-	
	\$ 28,487	



Exhibit C-3

Police Equipment Replacement Fund (Fund 73)			Fire Equipment Replacement Fund (Fund 076)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	20	20	100	176	76
-	-	-	-	46,699	46,699
-	20	20	100	46,875	46,775
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	40,500	47,131	(6,631)
-	-	-	40,500	47,131	(6,631)
-	20	20	(40,400)	(256)	40,144
-	-	-	22,400	40,500	18,100
-	-	-	-	-	-
-	-	-	22,400	40,500	18,100
\$ -	20	\$ 20	\$ (18,000)	40,244	\$ 58,244
	10,020			48,630	
	-			-	
	-			-	
	\$ 10,040			\$ 88,874	

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, 2016

### 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

Public Works Equip. Replacement Fund (Fund 078)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	54	(46)
17,000	13,015	(3,985)
17,100	13,069	(4,031)
9,000	761	8,239
9,000	761	8,239
-	-	-
-	-	-
	-	
-	-	-
-	-	-
-	-	-
-	-	-
8,500	-	8,500
17,500	761	16,739
(400)	12,308	12,708
-	-	-
-	-	-
-	-	-
\$ (400)	12,308	\$ 12,708
	19,774	
	-	
	-	
	\$ 32,082	

**Exhibit C-3**  
**(Continued)**

Park Acquisition Fund (Fund 341)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	395	295
5,000	555	(4,445)
5,100	950	(4,150)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
152,000	1,852	150,148
152,000	1,852	150,148
(146,900)	(902)	145,998
-	-	-
(18,400)	-	(18,400)
(18,400)	-	(18,400)
\$ (165,300)	(902)	\$ 127,598
	199,879	
	-	
	-	
\$	198,977	

Bedroom Tax (Fund 355)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	64	64
600	500	(100)
600	564	(36)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
21,771	27,227	(5,456)
21,771	27,227	(5,456)
-	-	-
-	-	-
-	-	-
21,771	27,227	(5,456)
(21,171)	(26,663)	(5,492)
-	-	-
-	-	-
-	-	-
\$ (21,171)	(26,663)	\$ (5,492)
	46,900	
	-	
	-	
\$	20,237	

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, 2016

Exhibit C-3  
(Continued)

## 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

Street Scape Fund (Fund 359)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,195,000	\$ 677,519	\$ (1,517,481)
-	-	-
-	-	-
-	-	-
2,195,000	677,519	(1,517,481)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,195,000	677,519	1,517,481
2,195,000	677,519	1,517,481
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
\$ -	\$ -	\$ -

See accompanying notes to  
the basic financial statements

**CITY OF CORNING**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2016**

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
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and Investments	\$ 925,287	\$ -	\$ 37,834	\$ 15,033	\$ 807,026	\$ 1,785,180
Accounts Receivable	16,208	18,598	-	-	258,810	293,616
Inventories	15,730	-	-	-	59,048	74,778
Prepaid Assets	-	-	-	-	-	-
Total Current Assets	<u>957,225</u>	<u>18,598</u>	<u>37,834</u>	<u>15,033</u>	<u>1,124,884</u>	<u>2,153,574</u>
<b>Capital Assets:</b>						
Construction in Progress	-	-	-	-	-	-
Property, Plant and Equipment	16,177,812	-	3,390,513	5,167	6,671,339	26,244,831
Accumulated Depreciation	(10,143,632)	-	(200,792)	-	(2,516,145)	(12,860,569)
Net Capital Assets	<u>6,034,180</u>	<u>-</u>	<u>3,189,721</u>	<u>5,167</u>	<u>4,155,194</u>	<u>13,384,262</u>
Loan Acquisition Costs	27,361	-	-	-	109,446	136,807
Accumulated Amortization	(13,681)	-	-	-	(54,543)	(68,224)
Net Loan Acquisition Costs	<u>13,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,903</u>	<u>68,583</u>
Restricted Cash:						
Loan Repayment	652,536	-	-	-	400,417	1,052,953
Total Other Assets	<u>652,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,417</u>	<u>1,052,953</u>
Deferred Outflows of Resource						
Pension Contribution	72,505	-	189	-	41,293	113,987
<b>Total Assets</b>	<b>\$ 7,730,126</b>	<b>\$ 18,598</b>	<b>\$ 3,227,744</b>	<b>\$ 20,200</b>	<b>\$ 5,776,691</b>	<b>\$ 16,773,359</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable	\$ 17,532	\$ -	\$ 9	\$ 167	\$ 18,657	\$ 36,365
Accrued Wages	3,401	-	-	-	6,312	9,713
Due to other funds	1,019	23,921	-	-	-	24,940
Interest Payable	65,922	-	-	-	52,745	118,667
Deposits	-	-	-	-	29,750	29,750
Current Portion of Long Term Debt	126,889	-	-	-	151,031	277,920
Total Current Liabilities	<u>214,763</u>	<u>23,921</u>	<u>9</u>	<u>167</u>	<u>258,495</u>	<u>497,355</u>
<b>Deferred Inflows of Resources</b>						
GASB 68 Actuarial Adjustments	48,052	-	128	-	27,367	75,547
<b>Long-Term Liabilities</b>						
Interfund Loan Payable	-	-	-	-	-	-
Accrued Compensation for Future Abs:	50,806	-	-	-	50,806	101,612
Net Pension Liability	138,892	-	637	-	243,875	383,404
Certificates of Participation Payable	5,617,044	-	-	-	3,944,428	9,561,472
Less: Current Portion	(126,889)	-	-	-	(151,031)	(277,920)
Total Long-Term Liabilities	<u>5,679,853</u>	<u>-</u>	<u>637</u>	<u>-</u>	<u>4,088,078</u>	<u>9,768,568</u>
Total Liabilities	<u>5,942,668</u>	<u>23,921</u>	<u>774</u>	<u>167</u>	<u>4,373,940</u>	<u>10,341,470</u>
<b>NET POSITION</b>						
Investment in capital assets, net	417,136	-	3,189,721	5,167	210,766	3,822,790
Restricted for debt service	1,534,403	-	-	-	865,964	2,400,367
Unrestricted	(164,081)	(5,323)	37,249	14,866	326,021	208,732
<b>Total Net Position</b>	<b>\$ 1,787,458</b>	<b>\$ (5,323)</b>	<b>\$ 3,226,970</b>	<b>\$ 20,033</b>	<b>\$ 1,402,751</b>	<b>\$ 6,431,889</b>

See accompanying notes to  
the basic financial statements.

**CITY OF CORNING**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2016**

Exhibit D-2

	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
<b>OPERATING REVENUES:</b>						
Charges for Service	\$ 1,698,077	\$ 477,386	\$ -	\$ -	\$ 1,257,873	\$ 3,433,336
Connection fees	6,375	-	-	-	3,145	9,520
Lease and Rents	8,169	-	17,324	17,338	-	42,831
Other Revenue	48,419	-	10,000	6,000	2,849	67,268
Total Operating Revenues	<u>1,761,040</u>	<u>477,386</u>	<u>27,324</u>	<u>23,338</u>	<u>1,263,867</u>	<u>3,552,955</u>
<b>OPERATING EXPENSES:</b>						
Salaries and Benefits	342,514	-	2,289	-	617,833	962,636
Utilities	96,621	-	4,676	5,271	199,800	306,368
Depreciation	482,893	-	33,132	-	151,245	667,270
Amortization	1,244	-	-	-	4,975	6,219
Other Expenses	867,277	477,671	10,235	13,309	209,602	1,578,094
Total Operating Expenses	<u>1,790,549</u>	<u>477,671</u>	<u>50,332</u>	<u>18,580</u>	<u>1,183,455</u>	<u>3,520,587</u>
Operating Income (Loss)	<u>(29,509)</u>	<u>(285)</u>	<u>(23,008)</u>	<u>4,758</u>	<u>80,412</u>	<u>32,368</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Investment Earnings	3,311	129	62	30	2,264	5,796
Interest Expense	(255,569)	-	-	-	(182,454)	(438,023)
Net Non-Operating Revenues (Expenses)	<u>(252,258)</u>	<u>129</u>	<u>62</u>	<u>30</u>	<u>(180,190)</u>	<u>(432,227)</u>
Income Before Transfers	<u>(281,767)</u>	<u>(156)</u>	<u>(22,946)</u>	<u>4,788</u>	<u>(99,778)</u>	<u>(399,859)</u>
Operating Transfers In	325,000	-	-	-	106,800	431,800
Operating Transfers Out	<u>(325,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,800)</u>	<u>(431,800)</u>
Changes in net position	<u>(281,767)</u>	<u>(156)</u>	<u>(22,946)</u>	<u>4,788</u>	<u>(99,778)</u>	<u>(399,859)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>						
As Previously Stated	2,069,225	(5,167)	3,249,916	15,245	1,502,529	6,831,748
Prior period adjustment	-	-	-	-	-	-
As Restated	<u>2,069,225</u>	<u>(5,167)</u>	<u>3,249,916</u>	<u>15,245</u>	<u>1,502,529</u>	<u>6,831,748</u>
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 1,787,458</u>	<u>\$ (5,323)</u>	<u>\$ 3,226,970</u>	<u>\$ 20,033</u>	<u>\$ 1,402,751</u>	<u>\$ 6,431,889</u>

See accompanying notes to  
the basic financial statements.

**CITY OF CORNING**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2016**

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 1,718,151	\$ 478,163	\$ -	\$ -	\$ 1,182,460	\$ 3,378,774
Other Operating Cash Receipts	56,588	-	27,324	23,338	2,849	110,099
Payments to Suppliers	(969,058)	(573,073)	(15,021)	(19,031)	(418,764)	(1,994,947)
Payments to Employees	(342,007)	-	(2,289)	-	(616,847)	(961,143)
Net Cash Provided (Used) by Operating Activities	463,674	(94,910)	10,014	4,307	149,698	532,783
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers from (to) other funds	-	-	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Interest Paid	(256,988)	-	-	-	(184,092)	(441,080)
Additions to long-term debt	-	-	-	-	-	-
Repayment of Certificates of Participation	(137,351)	-	637	-	(148,825)	(285,539)
Changes in GASB 68 amounts	(50,222)	-	(698)	-	(51,836)	(102,756)
Payments for capital acquisitions	-	-	-	-	-	-
Net cash (used for) capital and related financing activities	(444,561)	-	576	-	(384,753)	(828,738)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Receipts of interest	3,311	129	62	30	2,264	5,796
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	22,424	(94,781)	10,652	4,337	(232,791)	(290,159)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	871,834	94,781	27,182	10,696	1,028,372	2,032,865
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 894,258	\$ -	\$ 37,834	\$ 15,033	\$ 795,581	\$ 1,742,706
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Net Operating Income (Loss)	\$ (29,509)	\$ (285)	\$ (23,008)	\$ 4,758	\$ 80,412	\$ 32,368
Adjustments to Reconcile Net Income to Net Cash From (Used For) Operating Activities:						
Depreciation and Amortization	484,137	-	33,132	-	156,220	673,489
Prior Period Adjustments	-	-	-	-	-	-
Decrease (Increase) in Accounts Receivable	13,699	777	-	-	(28,258)	(13,782)
Decrease (Increase) in Inventory	(156)	-	-	-	(585)	(741)
Decrease (Increase) in Other Assets	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	(4,141)	(119,323)	(110)	(451)	(7,139)	(131,164)
Increase (Decrease) in Wages Payable	507	-	-	-	986	1,493
Increase (Decrease) in Accrued Compensation	-	-	-	-	-	-
Increase (Decrease) in Due to Other Funds	556	23,921	-	-	-	24,477
Increase (Decrease) in Interest Payable	(1,419)	-	-	-	(1,638)	(3,057)
Increase (Decrease) in Deposits	-	-	-	-	(50,300)	(50,300)
Increase (Decrease) in current liabilities payable from restricted assets	-	-	-	-	-	-
Net cash from (used for) operating activities	\$ 463,674	\$ (94,910)	\$ 10,014	\$ 4,307	\$ 149,698	\$ 532,783

See accompanying notes to  
the basic financial statements.

**CITY OF CORNING**  
**EXPENDABLE TRUST FUNDS**

Exhibit E-1

Combining Balance Sheet  
June 30, 2016

	<u>J.T. Levy</u> <u>Trust</u> <u>Fund</u> <u>(Fund 401)</u>	<u>Rodgers</u> <u>Theater</u> <u>Trust</u> <u>(Fund 402)</u>	<u>Ridell</u> <u>Library</u> <u>Fund</u> <u>(Fund 403)</u>	<u>Totals</u>
<b>ASSETS:</b>				
Cash and investments	\$ 25,828	\$ -	\$ 261,815	\$ 287,643
Receivables:				
Intergovernmental				
County	-	-	-	-
Deferred compensation plan assets	-	-	-	-
Total assets	\$ <u>25,828</u>	\$ <u>-</u>	\$ <u>261,815</u>	\$ <u>287,643</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Held in trust for:				
Scholarships	25,828	-	-	25,828
Library System	-	-	261,815	261,815
Theater	-	-	-	-
Total fund balances	<u>25,828</u>	<u>-</u>	<u>261,815</u>	<u>287,643</u>
Total liabilities and fund balances	\$ <u>25,828</u>	\$ <u>-</u>	\$ <u>261,815</u>	\$ <u>287,643</u>

See accompanying notes to  
the basic financial statements.



**CITY OF CORNING**  
**EXPENDABLE TRUST FUNDS**

Exhibit E-2

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Year Ended June 30, 2016

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust (Fund 402)	Ridell Library Fund (Fund 403)	Totals
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-	-
Interest	<u>52</u>	<u>-</u>	<u>519</u>	<u>571</u>
Total Revenues	<u>52</u>	<u>-</u>	<u>519</u>	<u>571</u>
<b>EXPENDITURES:</b>				
Scholarships	750	-	-	750
Capital Outlay	-	-	576	576
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>750</u>	<u>-</u>	<u>576</u>	<u>1,326</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(698)</u>	<u>-</u>	<u>(57)</u>	<u>(755)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(698)</u>	<u>-</u>	<u>(57)</u>	<u>(755)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	26,526	(3,952)	261,872	284,446
Residual Transfers out	<u>-</u>	<u>3,952</u>	<u>-</u>	<u>3,952</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 25,828</u>	<u>\$ -</u>	<u>\$ 261,815</u>	<u>\$ 287,643</u>

See accompanying notes to  
the basic financial statements.

**CITY OF CORNING**  
**EXPENDABLE TRUST FUNDS**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Year Ended June 30, 2016

Exhibit E-3

	<u>Totals</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-
Interest	500	301	(199)
Total Revenues	<u>500</u>	<u>301</u>	<u>(199)</u>
Scholarships	500	500	-
Capital Outlay	11,000	7,167	3,833
Other	-	-	-
Total Expenditures	<u>11,500</u>	<u>7,667</u>	<u>3,833</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,000)</u>	<u>(7,366)</u>	<u>3,634</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>\$ (11,000)</u>	<u>(7,366)</u>	<u>\$ 3,634</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		291,812	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 284,446</u>	

See accompanying notes to  
the basic financial statements.

---

## **OTHER REPORTS AND SCHEDULES**

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

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY UNIFORM GUIDANCE**

**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, 2016, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated January 10, 2017. 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.

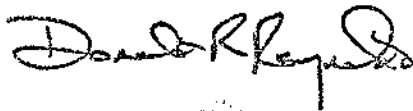
The Honorable Mayor and Members of the City Council  
City of Corning  
Corning, California

### **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.



Donald R. Reynolds  
Certified Public Accountant  
January 10, 2017

**THIS PAGE INTENTIONALLY LEFT BLANK**

# ***Donald R. Reynolds***

**Certified Public Accountant**

## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

The Honorable City Council  
City of Corning  
Corning, California

### **Report on Compliance for Each Major Federal Program**

I have audited the City of Corning's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that would have a direct and material effect on the City of Corning's major federal programs for the year ended June 30, 2016. The City of Corning's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of City of Corning's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Corning's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of City of Corning's compliance.

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

### **Opinion on Each Major Federal Program**

In my opinion, City of Corning complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Internal Control Over Compliance**

The management of City of Corning is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing my audit, I considered City of Corning's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

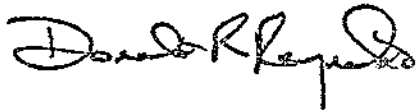
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Corning as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Corning's basic financial statements. I issued my report thereon dated January 10, 2017, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

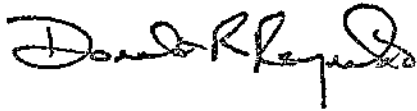


The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Donald R. Reynolds  
Certified Public Accountant  
January 10, 2017

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Donald R. Reynolds  
Certified Public Accountant  
January 10, 2017

**CITY OF CORNING**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1: General**

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

**Note 2: Basis of Accounting**

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

**Note 3: Relationship to Financial Statements**

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

**CITY OF CORNING, CALIFORNIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2016**

The following information is provided pursuant to the Uniform Guidance, Section .505:

(1) Summary of Auditors' Results:

- I) An unmodified opinion has been issued on the City of Corning, California's financial statements for the year ended June 30, 2016.
- ii) No significant deficiencies were disclosed by the audit of the financial statements for the year ended June 30, 2016.
- iii) The audit disclosed no noncompliance which is material to the financial statements.
- iv) No material weaknesses in internal control over major programs were disclosed.
- v) An unmodified opinion has been issued on compliance for major programs.
- vi) The audit disclosed no findings that are reportable in accordance with Section 200.516 of the Uniform Guidance.
- (vii) The following were major programs for the year ended June 30, 2016:

Traffic Safety Grant	CFDA No. 20.600
----------------------	-----------------
- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (ix) The City of Corning, California did not qualify as a low-risk auditee for the year ended June 30, 2016.

**CITY OF CORNING, CALIFORNIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2016**

**SCHEDULE OF FINDINGS:**

Findings related to the financial statements which are required to be reported in accordance with GAGAS: **None**

Findings and Questioned Costs Related to Federal Awards: **None**

Summary Schedule of Prior Audit Findings required to be reported: **None**

**CITY OF CORNING**  
**SEWER ENTERPRISE FUNDS**

Combining Balance Sheet

June 30, 2016

	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)
<b>ASSETS</b>					
Current Assets:					
Cash and Investments	\$ -	\$ 36,235	\$ 342,912	\$ 159,816	\$ 383,768
Accounts Receivable	-	-	-	-	16,208
Inventories	-	-	-	-	15,730
Total Current Assets	-	36,235	342,912	159,816	415,706
Capital Assets					
Property, Plant and Equipment	-	4,453,848	-	-	11,723,964
Accumulated Depreciation	-	(1,336,905)	-	-	(8,806,727)
Net Capital Assets	-	3,116,943	-	-	2,917,237
Loan Acquisition Costs	-	-	-	-	27,361
Accumulated Amortization	-	-	-	-	(13,681)
Net Loan Acquisition Costs	-	-	-	-	13,680
Restricted Cash:					
Loan Repayment	-	-	-	-	-
Total Other Assets	-	-	-	-	-
Deferred Outflows of Resources					
Pension Contribution	-	-	-	-	72,505
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 3,153,178</b>	<b>\$ 342,912</b>	<b>\$ 159,816</b>	<b>\$ 3,419,128</b>
<b>LIABILITIES</b>					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 17,532
Accrued Wages	-	-	-	-	3,401
Due to Other Funds	1,019	-	-	-	-
Interest Payable	-	40,003	-	-	25,919
Current Portion of Long Term Debt	-	64,000	-	-	62,889
Total Current Liabilities	1,019	104,003	-	-	109,741
Long-Term Liabilities					
Interfund Loan Payable	-	(381,370)	-	-	381,370
Accrued Compensation for Future Absences	-	-	-	-	50,806
Net Pension Liability	-	-	-	-	138,892
Long-Term Debt	-	3,765,000	-	-	1,852,044
Less: Current Portion	-	(64,000)	-	-	(62,889)
Total Long-Term Liabilities	-	3,319,630	-	-	2,360,223
Total Liabilities	1,019	3,423,633	-	-	2,469,964
Deferred Inflows of Resources					
GASB 68 Actuarial Adjustments	-	-	-	-	48,052
<b>Fund Equity:</b>					
Contributed Capital	-	-	-	-	-
Retained Earnings:					
Investment in Capital Assets	-	(648,057)	-	-	1,065,193
Restricted	(1,019)	377,602	342,912	159,816	-
Unrestricted	-	-	-	-	(164,081)
Total Net Assets	(1,019)	(270,455)	342,912	159,816	901,112
Total Net Assets	\$ (1,019)	\$ (270,455)	\$ 342,912	\$ 159,816	\$ 901,112

<u>1999 COP (673,611)</u>	<u>2005 Reserve (Fund 681)</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>
2,503	\$ -	\$ 53	\$ -	\$ -	925,287
-	-	-	-	-	16,208
-	-	-	-	-	15,730
<u>2,503</u>	<u>-</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>957,225</u>
-	-	-	-	-	16,177,812
-	-	-	-	-	(10,143,632)
-	-	-	-	-	6,034,180
-	-	-	-	-	27,361
-	-	-	-	-	(13,681)
-	-	-	-	-	13,680
<u>412,304</u>	<u>33</u>	<u>38,767</u>	<u>148</u>	<u>201,284</u>	<u>652,536</u>
<u>412,304</u>	<u>33</u>	<u>38,767</u>	<u>148</u>	<u>201,284</u>	<u>652,536</u>
-	-	-	-	-	72,505
<u>414,807</u>	<u>\$ 33</u>	<u>\$ 38,820</u>	<u>\$ 148</u>	<u>\$ 201,284</u>	<u>\$ 7,730,126</u>
-	\$ -	\$ -	\$ -	\$ -	17,532
-	-	-	-	-	3,401
-	-	-	-	-	1,019
-	-	-	-	-	65,922
-	-	-	-	-	126,889
-	-	-	-	-	214,763
-	-	-	-	-	-
-	-	-	-	-	50,806
-	-	-	-	-	138,892
-	-	-	-	-	5,617,044
-	-	-	-	-	(126,889)
-	-	-	-	-	5,679,853
-	-	-	-	-	5,894,616
-	-	-	-	-	48,052
-	-	-	-	-	-
-	-	-	-	-	417,136
<u>414,807</u>	<u>33</u>	<u>38,820</u>	<u>148</u>	<u>201,284</u>	<u>1,534,403</u>
-	-	-	-	-	(164,081)
<u>414,807</u>	<u>33</u>	<u>38,820</u>	<u>148</u>	<u>201,284</u>	<u>1,787,458</u>
<u>414,807</u>	<u>\$ 33</u>	<u>\$ 38,820</u>	<u>\$ 148</u>	<u>\$ 201,284</u>	<u>\$ 1,787,458</u>

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, 2016

	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)
<b>OPERATING REVENUES:</b>				
Charges for Service	\$ -	\$ -	\$ -	\$ -
Connection fees	-	-	-	-
Lease and Rents	-	-	-	-
Other Revenue	936	4,784	-	-
Total Operating Revenues	936	4,784	-	-
<b>OPERATING EXPENSES:</b>				
Salaries and Benefits	-	-	-	-
Utilities	-	-	-	-
Depreciation	-	133,951	-	-
Amortization	-	-	-	-
Other Expenses	1,429	433	46,260	22,670
Total Operating Expenses	1,429	134,384	46,260	22,670
Operating Income (Loss)	(493)	(129,600)	(46,260)	(22,670)
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment Earnings	-	149	714	350
Interest Expense	-	(168,500)	-	-
Net Non-Operating Revenues (Expenses)	-	(168,351)	714	350
Net Income Before Transfers	(493)	(297,951)	(45,546)	(22,320)
Operating Transfers In	-	240,000	65,000	20,000
Operating Transfers Out	-	-	-	-
Net Income	(493)	(57,951)	19,454	(2,320)
<b>NET ASSETS, AT BEGINNING OF YEAR</b>				
As Previously Stated	(526)	(212,504)	323,458	162,136
Prior period adjustment	-	-	-	-
As Restated	(526)	(212,504)	323,458	162,136
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	-	-	-	-
<b>NET ASSETS, AT END OF YEAR</b>	\$ (1,019)	\$ (270,455)	\$ 342,912	\$ 159,816



<u>Fund</u> <u>(Fund 610)</u>	<u>1999</u> <u>COP</u> <u>(673,611)</u>	<u>2005</u> <u>Reserve</u> <u>(Fund 681)</u>	<u>2005</u> <u>COP</u> <u>(Fund 683)</u>	<u>2005</u> <u>Refunding</u> <u>Bond</u> <u>(Fund 692)</u>	<u>2005</u> <u>Refunding</u> <u>Bond</u> <u>(Fund 693)</u>	<u>TOTAL</u> <u>Sewer</u> <u>Enterprise</u> <u>Fund</u>
\$ 1,698,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,698,077
6,375	-	-	-	-	-	6,375
8,169	-	-	-	-	-	8,169
42,699	-	-	-	-	-	48,419
<u>1,755,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,761,040</u>
342,514	-	-	-	-	-	342,514
96,621	-	-	-	-	-	96,621
348,942	-	-	-	-	-	482,893
1,244	-	-	-	-	-	1,244
796,485	-	-	-	-	-	867,277
<u>1,585,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,790,549</u>
<u>169,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,509)</u>
422	1,488	5	32	1	150	3,311
(87,017)	-	(10)	-	(42)	-	(255,569)
<u>(86,595)</u>	<u>1,488</u>	<u>(5)</u>	<u>32</u>	<u>(41)</u>	<u>150</u>	<u>(252,258)</u>
<u>82,919</u>	<u>1,488</u>	<u>(5)</u>	<u>32</u>	<u>(41)</u>	<u>150</u>	<u>(281,767)</u>
-	-	-	-	-	-	325,000
<u>(325,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(325,000)</u>
<u>(242,081)</u>	<u>1,488</u>	<u>(5)</u>	<u>32</u>	<u>(41)</u>	<u>150</u>	<u>(281,767)</u>
1,143,193	413,319	38	38,788	39	201,284	2,069,225
-	-	-	-	-	-	-
<u>1,143,193</u>	<u>413,319</u>	<u>38</u>	<u>38,788</u>	<u>39</u>	<u>201,284</u>	<u>2,069,225</u>
-	-	-	-	150	-	150
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>(150)</u>
\$ <u>901,112</u>	\$ <u>414,807</u>	\$ <u>33</u>	\$ <u>38,820</u>	\$ <u>148</u>	\$ <u>201,284</u>	\$ <u>1,787,458</u>

See accompanying notes to  
the basic financial statements.

**CITY OF CORNING**  
**WATER ENTERPRISE FUNDS**

Combining Balance Sheet  
June 30, 2016

	Water Capital Improvement Fund (Fund 346)	Water Capital Replacement Fund (Fund 383)	Short Lived Water Reserve (Fund 386)	Water Fund (Fund 630)
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 32,723	\$ 432,824	\$ -	\$ 341,479
Accounts Receivable	-	-	135,629	123,181
Inventories	-	-	-	59,048
Total Current Assets	<u>32,723</u>	<u>432,824</u>	<u>135,629</u>	<u>523,708</u>
Fixed Assets:				
Construction in Progress	-	-	-	-
Property, Plant and Equipment	-	-	-	6,671,339
Accumulated Depreciation	-	-	-	(2,516,145)
Net Property, Plant and Equipment	-	-	-	<u>4,155,194</u>
Loan Acquisition Costs	-	-	-	109,446
Accumulated Amortization	-	-	-	(54,543)
Net Loan Acquisition Costs	-	-	-	<u>54,903</u>
Restricted Cash:				
Loan Repayment	-	-	-	-
Total Other Assets	-	-	-	-
Deferred Outflows of Resources				
GASB 68 Actuarial Adjustments	-	-	-	39,315
Total Assets	\$ <u>32,723</u>	\$ <u>432,824</u>	\$ <u>135,629</u>	\$ <u>4,773,120</u>
<b>LIABILITIES</b>				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ -	\$ -	-	18,657
Accrued Wages	-	-	-	6,312
Other accrued liabilities	-	-	-	-
Interest Payable	-	-	-	52,745
Deposits	-	-	-	29,750
Current Portion of Long Term Debt	-	-	-	151,031
Total Current Liabilities	-	-	-	<u>258,495</u>
Long-Term Liabilities				
Accrued Compensation for Future Absences	-	-	-	50,806
Net Pension Liability	-	-	-	233,839
Long-Term Debt	-	-	-	3,944,428
Less: Current Portion	-	-	-	(151,031)
Total Long-Term Liabilities	-	-	-	<u>4,078,042</u>
Total Liabilities	-	-	-	<u>4,336,537</u>
Deferred Inflows of Resources				
GASB 68 Actuarial Adjustments	-	-	-	74,065
<b>NET ASSETS</b>				
Investment in Capital Assets	-	-	-	210,766
Restricted	32,723	432,824	-	-
Unrestricted	-	-	135,629	190,392
Total Net Assets	\$ <u>32,723</u>	\$ <u>432,824</u>	\$ <u>135,629</u>	\$ <u>401,158</u>

<u>Water Well Loan Reserve Fund (632)</u>	<u>1999 COP Fund (674,675)</u>	<u>2005 COP Fund (682,684)</u>	<u>TOTAL Water Enterprise Funds</u>
\$ -	\$ -	\$ -	\$ 807,026
-	-	-	258,810
-	-	-	59,048
-	-	-	1,124,884
-	-	-	-
-	-	-	6,671,339
-	-	-	(2,516,145)
-	-	-	4,155,194
-	-	-	109,446
-	-	-	(54,543)
-	-	-	54,903
14,066	230,938	155,413	400,417
14,066	230,938	155,413	400,417
-	-	-	39,315
\$ 14,066	\$ 230,938	\$ 155,413	\$ 5,774,713
-	-	-	18,657
-	-	-	6,312
-	-	-	-
-	-	-	52,745
-	-	-	29,750
-	-	-	151,031
-	-	-	258,495
-	-	-	50,806
-	-	-	233,839
-	-	-	3,944,428
-	-	-	(151,031)
-	-	-	4,078,042
-	-	-	4,336,537
-	-	-	74,065
-	-	-	210,766
14,066	230,938	155,413	865,964
-	-	-	326,021
\$ 14,066	\$ 230,938	\$ 155,413	\$ 1,402,751

**CITY OF CORNING**  
**WATER ENTERPRISE FUNDS**

Combining Statement of Revenues, Expenses  
and Changes in Retained Earnings  
Year Ended June 30, 2016

	Water Capital Improvement Fund (Fund 346)	Water Capital Replacement Fund (Fund 383)	Short Lived Water Reserve (386)	Water Fund (Fund 630)
<b>OPERATING REVENUES:</b>				
Charges for Service	\$ -	\$ -	\$ -	\$ 1,257,873
Connection fees	-	-	-	3,145
Lease and Rents	-	-	-	-
Other Revenue	499	-	-	2,350
Total Operating Revenues	<u>499</u>	<u>-</u>	<u>-</u>	<u>1,263,368</u>
<b>OPERATING EXPENSES:</b>				
Salaries and Benefits	-	-	-	617,833
Utilities	-	-	-	199,800
Depreciation	-	-	-	151,245
Amortization	-	-	-	4,975
Other Expenses	4,509	13,879	-	191,176
Total Operating Expenses	<u>4,509</u>	<u>13,879</u>	<u>-</u>	<u>1,165,029</u>
Operating Income (Loss)	<u>(4,010)</u>	<u>(13,879)</u>	<u>-</u>	<u>98,339</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment Earnings	66	868	269	716
Interest Expense	-	-	-	(182,454)
Net Non-Operating Revenues (Expenses)	<u>66</u>	<u>868</u>	<u>269</u>	<u>(181,738)</u>
Net Income Before Transfers	<u>(3,944)</u>	<u>(13,011)</u>	<u>269</u>	<u>(83,399)</u>
Operating Transfers In	-	77,000	27,000	-
Operating Transfers Out	<u>-</u>	<u>(27,000)</u>	<u>-</u>	<u>(79,800)</u>
Net Income	<u>(3,944)</u>	<u>36,989</u>	<u>27,269</u>	<u>(163,199)</u>
<b>NET ASSETS, AT BEGINNING OF YEAR</b>				
As Previously Stated	36,667	395,835	108,360	564,357
Prior period adjustment	-	-	-	-
As Restated	<u>36,667</u>	<u>395,835</u>	<u>108,360</u>	<u>564,357</u>
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, AT END OF YEAR</b>	<b>\$ <u>32,723</u></b>	<b>\$ <u>432,824</u></b>	<b>\$ <u>135,629</u></b>	<b>\$ <u>401,158</u></b>

**CITY OF CORNING**  
**WATER ENTERPRISE FUNDS**

Combining Statement of Revenues, Expenses  
and Changes in Retained Earnings  
Year Ended June 30, 2016

	Water Well Loan Reserve Fund (632)	1999 COP Fund (674,675)	2005 COP Fund (682,684)	TOTAL Water Enterprise Funds
<b>OPERATING REVENUES:</b>				
Charges for Service	\$ -	\$ -	\$ -	\$ 1,257,873
Connection fees	-	-	-	3,145
Lease and Rents	-	-	-	-
Other Revenue	-	-	-	2,849
Total Operating Revenues	-	-	-	1,263,867
<b>OPERATING EXPENSES:</b>				
Salaries and Benefits	-	-	-	617,833
Utilities	-	-	-	199,800
Depreciation	-	-	-	151,245
Amortization	-	-	-	4,975
Other Expenses	-	38	-	209,602
Total Operating Expenses	-	38	-	1,183,455
Operating Income (Loss)	-	(38)	-	80,412
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment Earnings	28	189	128	2,264
Interest Expense	-	-	-	(182,454)
Net Non-Operating Revenues (Expenses)	28	189	128	(180,190)
Net Income Before Transfers	28	151	128	(99,778)
Operating Transfers In	2,800	-	-	106,800
Operating Transfers Out	-	-	-	(106,800)
Net Income	2,828	151	128	(99,778)
<b>NET ASSETS, AT BEGINNING OF YEAR</b>				
As Previously Stated	11,238	230,787	155,285	1,502,529
Prior period adjustment	-	-	-	-
As Restated	11,238	230,787	155,285	1,502,529
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	-	-	-	-
<b>NET ASSETS, AT END OF YEAR</b>	<b>\$ 14,066</b>	<b>\$ 230,938</b>	<b>\$ 155,413</b>	<b>\$ 1,402,751</b>



# *Donald R. Reynolds*

Certified Public Accountant

February 14, 2017

The Honorable City Council  
City of Corning  
Corning, California

In planning and performing my audit of the basic financial statements of the City of Corning for the fiscal year ended June 30, 2016, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on internal control.

My consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

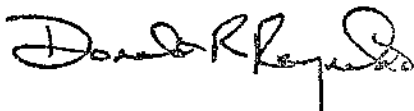
During my audit, I noted no matters involving the internal control structure and other operational matters that need be presented for your consideration.

Any comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee.

This report is intended solely for the information and use of management, the City Council, and officials of the federal and state grantor agencies and should not be used by anyone other than these specified parties.

I thank the City of Corning's staff for their cooperation during my audit.

Respectfully,



Donald R. Reynolds, CPA

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Honorable City Council  
City of Corning

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of Corning for the year ended June 30, 2016, and have issued my report thereon dated January 10, 2017. Professional standards require that I provide you with the following information related to my audit.

### **My Responsibilities under U.S. Generally Accepted Auditing Standards**

As stated in my engagement letter, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing my audit, I considered The City of Corning's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

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, 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.

### **Significant Audit Findings**

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by The City of Corning are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015-2016. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There were two significant transactions that had been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events



affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the accrual and disclosure of compensated absences is based on employees pay rates and unused compensated balances at the end of the year. I evaluated the key factors and assumptions used to develop the accrual and disclosure of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the capital assets lives and depreciation expense is based on the class/type of asset, internal revenue service guidelines, and client's experience. I evaluated the key factors and assumptions used to develop the capital assets lives and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the self-insurance losses is based on the City's prior experience and known liabilities at the end of the year. I evaluated the key factors and assumptions used to develop the self-insurance losses in determining that it is reasonable in relation to the financial statements taken as a whole.

Managements estimates of outstanding "Net Pension Liability and other disclosures in accordance with GASB 68 for all plans.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was:

Accrual and disclosure of compensated absences.  
Capital assets lives and depreciation expense.

### ***Difficulties Encountered in Performing the Audit***

I encountered no significant difficulties in dealing with management in performing and completing my audit. However, I have previously discussed with management and the previous City Finance Director and staff, inadequacies and material weaknesses in the City of Corning's internal control systems. These inadequacies and material weaknesses as noted in this report and the City of Corning's single audit report resulted in a high risk audit engagement.

### **Corrected and Uncorrected Misstatements**

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. I noted the following correction that I did not consider to be a material weakness:

### **UNRECORDED RECEIVABLES**

During the period the City expended monies under the federal transportation programs that were

reimbursable from the Department of Transportation. Those reimbursements were not recorded as receivables at June 30, 2016.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

### **Management Representations**

I have requested certain representations from management that are included in the management representation letter dated January 10, 2017.

### **Management Consultations with Other Independent Accountants**

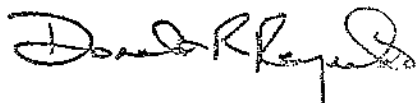
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. The City employs a contract Certified Public Accountant to assist the City in dealing with its financial matters on a day to day basis. To my knowledge, there were no other such consultations with other accountants.

### **Other Matters**

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the City Council and management of The City of Corning and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Donald R. Reynolds  
Certified Public Accountant