

CITY OF CORNING,

CALIFORNIA

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2017**

**CITY OF CORNING
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

CONTENTS

INTRODUCTORY SECTION

City Organization and Principal Officials

FINANCIAL SECTION

Report of Independent Auditor	1-3
Management's Discussion and Analysis	4-12

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:		
Statement of Net Position	13	Statement 1
Statement of Activities and Changes in Net Position	14-15	Statement 2

FUND FINANCIAL STATEMENTS

Balance Sheet - Governmental Funds	16	Statement 3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17-18	Statement 4
Statement of Net Assets - Proprietary Funds	19	Statement 5
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund Types	20	Statement 6
Statement of Cash Flows - Proprietary Fund Types	21	Statement 7
Statement of Fiduciary Net Assets - Fiduciary Funds	22	Statement 8
Statement of Change In Fiduciary Net Assets - Fiduciary Funds	23	Statement 9
Notes to the Basic Financial Statements	24-59	

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information - Pension and OPEB	60
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SUPPLEMENTARY INFORMATION

Balance Sheet - General Fund	61	Exhibit A-1
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	62-63	Exhibit A-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	64-66	Exhibit A-3

**CITY OF CORNING
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

SUPPLEMENTARY INFORMATION (Continued)

Combining Balance Sheet - Special Revenue Funds	67-72	Exhibit B-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Funds	73-78	Exhibit B-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Special Revenue Funds	79-90	Exhibit B-3
Combining Balance Sheet - Capital Projects Funds	91	Exhibit C-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Funds	92	Exhibit C-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Funds	93-95	Exhibit C-3
Combining Statement of Net Position	96	Exhibit D-1
Combining Statement of Revenues , Expenses and Changes in Net Position	97	Exhibit D-2
Combining Statement of Cash Flows	98	Exhibit D-3
Combining Balance Sheet - Expendable Trust Funds	99	Exhibit E-1
Combining Statement of Revenues, Expenses and Changes in Net Assets - Expendable Trust Funds	100	Exhibit E-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Expendable Trust Funds	101	Exhibit E-3

SPECIAL REPORTS SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards	102-103
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	104-106
Schedule of Expenditures of Federal Funds	107-108
Schedule of Findings and Questioned Costs	109-110
Other Supporting Schedules to Sewer Enterprise Funds	111-112
Other Supporting Schedules to Water Enterprise Funds	113-114

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INTRODUCTORY SECTION

City Officials

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**CITY OF CORNING, CALIFORNIA
CITY OFFICIAL
FOR THE YEAR ENDED JUNE 30, 2017**

**CITY COUNCIL
(Terms as of June 30, 2017)**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Doug Hatley	Mayor	2021
Chuy Valerio	Member	2021
Darlene Dickison	Member	2018
Robert Snow	Member	2021
Dave Linnet	Member	2018

CITY CLERK

Lisa Linnet

CITY TREASURER

Laura Calkins

CITY MANAGER AND FINANCE DIRECTOR

Kristina Miller

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FINANCIAL SECTION

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

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Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

Report On the Financial Statements

I have audited the accompanying consolidated financial statements of City of Corning (the City), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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

my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the City of Corning as of June 30, 2017, 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 64 - 66 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 18, 2018, 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 written in a cursive style with a large initial "D".

Donald R. Reynolds, CPA
Redding, California
January 18, 2018

**CITY OF CORNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017**

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, 2017. 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 \$35,903,580, deferred inflows and outflows of resources were \$4,925,310 and \$1,444,763 respectively, and total liabilities were \$16,882,810 at June 30, 2017. The City's assets exceeded its liabilities by \$15,540,222 (net position) for the fiscal year reported. This is an increase of \$486,117 from the previous year when assets exceeded liabilities by \$15,054,105. The increase was primarily due to the increases in transactions and use taxes as a result of the passage of measure A. A surplus in the amount of \$1,139,830 was generated in the governmental funds and a deficit of (\$498,042) in the business-type funds.

At June 30, 2017, the General Fund had a fund balance of \$1,992,395.

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 \$3,344,641 this year. This compares to the prior year ending fund balance of \$2,680,004 and is an increase of \$664,637 or 24.8% during the current year;

For the fiscal year ending June 30, 2017, the fund balance of the General Fund was \$1,992,395; 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 2016-17, the \$625,000 fund balance reserve is 13.95% of reported expenditures (\$4,479,049).

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 \$5,933,847 as of June 30, 2017. This compares to the prior year ending net position of \$6,431,889 showing a decrease of \$498,042 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, 2017.

	TABLE 1 - NET POSITION					
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2017	2016	2017	2016	2017	2016
Assets:						
Cash and other assets	\$ 7,644,106	\$ 7,408,491	\$ 2,895,396	\$ 3,206,527	\$ 10,539,502	\$ 10,615,018
Capital assets	12,601,308	11,493,437	12,762,770	13,452,845	25,364,078	24,946,282
Total Assets	<u>\$ 20,245,414</u>	<u>\$ 18,901,928</u>	<u>\$ 15,658,166</u>	<u>\$ 16,659,372</u>	<u>\$ 35,903,580</u>	<u>\$ 35,561,300</u>
Deferred Outflows	<u>\$ 1,297,045</u>	<u>\$ 1,101,035</u>	<u>\$ 147,717</u>	<u>\$ 113,987</u>	<u>\$ 1,444,762</u>	<u>\$ 1,215,022</u>
Liabilities						
Other liabilities	\$ 374,749	\$ 601,881	\$ 593,480	\$ 219,435	\$ 968,229	\$ 821,316
Long-term liabilities	6,749,050	5,831,771	9,165,531	10,046,488	15,914,581	15,878,259
Total Liabilities	<u>\$ 7,123,799</u>	<u>\$ 6,433,652</u>	<u>\$ 9,759,011</u>	<u>\$ 10,265,923</u>	<u>16,882,810</u>	<u>16,699,575</u>
Deferred Inflows	<u>\$ 4,812,285</u>	<u>\$ 4,947,095</u>	<u>\$ 113,025</u>	<u>\$ 75,547</u>	<u>\$ 4,925,310</u>	<u>\$ 5,022,642</u>
Net Position						
Invested in capital assets net of related debt	11,002,850	9,686,841	3,974,213	3,822,790	14,977,063	13,509,631
Restricted	-	-	1,753,226	2,400,367	1,753,226	2,400,367
Unrestricted	(1,396,475)	(1,064,625)	206,408	208,732	(1,190,067)	(855,893)
Total Net Position	<u>\$ 9,606,375</u>	<u>\$ 8,622,216</u>	<u>\$ 5,933,847</u>	<u>\$ 6,431,889</u>	<u>\$ 15,540,222</u>	<u>\$ 15,054,105</u>

In fiscal year 2016-17, Governmental activities increased the City’s net position by \$984,159 and business-type activities decreased the City’s net position by \$498,042 as compared to the prior fiscal year.

Governmental activities revenues increased by \$943,378, or 14.87%, due primarily to the increase in sales tax revenue received for the year, which equaled \$604,656. Expenses in the governmental activities increased by \$2,218,904, or 56.52%; most of this increase is in the city public safety and transportation categories.

Business-type activities revenues increased by \$127,435 or 3.58%. The increase was due, in part to changes in customer

charges. Business-type expenses increased by \$225,618 due to increased costs of providing services.

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 213,565	\$ 144,893	\$ 3,481,835	\$ 3,442,856	\$ 3,695,400	\$ 3,587,749
Operating grants and contributions	341,169	418,676	-	-	341,169	418,676
Capital grants and contributions	1,000,987	942,298	-	-	1,000,987	942,298
General revenues:						
Property taxes	553,325	531,323	-	-	553,325	531,323
Sales and use taxes	3,261,363	2,656,717	-	-	3,261,363	2,656,717
Occupancy taxes	391,313	354,024	-	-	391,313	354,024
Other taxes	125,940	132,369	-	-	125,940	132,369
Vehicle License Fee	574,793	552,103	-	-	574,793	552,103
Franchise tax	249,220	118,955	-	-	249,220	118,955
Investment earnings	6,455	3,227	10,040	5,796	16,495	9,023
Intergovernmental	347,405	273,143	-	-	347,405	273,143
Other revenues	<u>218,930</u>	<u>213,359</u>	<u>194,311</u>	<u>110,099</u>	<u>413,241</u>	<u>323,458</u>
Total Revenues	<u>7,284,465</u>	<u>6,341,087</u>	<u>3,686,186</u>	<u>3,558,751</u>	<u>10,970,651</u>	<u>9,899,838</u>
Expenses:						
General government	886,218	593,921	-	-	886,218	593,921
Public safety	4,306,971	2,721,987	-	-	4,306,971	2,721,987
Transportation	509,182	342,555	-	-	509,182	342,555
Cultural Parks and Recreation	393,033	249,150	-	-	393,033	249,150
Community Development	49,231	18,118	-	-	49,231	18,118
Sewer	-	-	1,975,097	2,046,118	1,975,097	2,046,118
Water	-	-	1,665,136	1,365,909	1,665,136	1,365,909
Solid Waste	-	-	480,620	477,671	480,620	477,671
Airport	-	-	45,317	50,332	45,317	50,332
Transportation Center	<u>-</u>	<u>-</u>	<u>18,058</u>	<u>18,580</u>	<u>18,058</u>	<u>18,580</u>
Total Expenses	<u>6,144,635</u>	<u>3,925,731</u>	<u>4,184,228</u>	<u>3,958,610</u>	<u>10,328,863</u>	<u>7,884,341</u>
Increase(Decrease) in Net Position before transfers, prior period adjustments and extraordinary items	1,139,830	2,415,356	(498,042)	(399,859)	641,788	2,015,497
Transfers	-	-	-	-	-	-
Prior period adjustments	<u>(155,671)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,671)</u>	<u>-</u>
Increase(Decrease) in Net Position	\$ 984,159	\$ 2,415,356	\$ (498,042)	\$ (399,859)	\$ 486,117	\$ 2,015,497

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 \$3,344,641 an increase of \$664,637 in comparison with the prior year. The primary reason for the increase is overall increases tax revenue.

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 surplus of revenues over expenditures in the amount of \$1,032,515.

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

Fiscal year 2016-17 General Fund revenue increased by 18.03% in comparison with the prior year. Significant changes were an increase of taxes and assessments of 14.50%, due primarily to an increase in sales tax. The schedule below reflects the changes during the year. Total General Fund expenditures decreased by \$51,857 or 1.16% from the prior fiscal year indicating a decrease in public safety.

	2017		2016		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Taxes and assessments	\$ 4,907,566	89.04%	\$ 4,108,151	90.93%	\$ 799,415	14.50%
Use of money and property:						
Interest	2,580	0.05%	251	0.01%	2,329	0.04%
Licenses and permits	35,271	0.64%	37,363	0.83%	(2,092)	(0.03)%
Intergovernmental revenues	262,651	4.77%	165,514	3.66%	97,137	1.76%
Charges for services	202,920	3.68%	108,166	2.39%	94,754	1.72%
Other revenue	<u>100,576</u>	<u>1.82%</u>	<u>98,358</u>	<u>2.18%</u>	<u>2,218</u>	<u>0.04%</u>
Total	\$ 5,511,564	100.00%	\$ 4,517,803	100.00%	\$ 993,761	18.03%

	2017		2016		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General Government	\$ 681,646	15.22%	\$ 695,582	15.35%	\$ (13,936)	(0.31)%
Public Safety	2,991,359	66.79%	3,051,274	67.34%	(59,915)	(1.34)%
Transportation	190,639	4.26%	195,138	4.31%	(4,499)	(0.01)%
Cultural, Parks and Recreation	305,057	6.80%	281,715	6.22%	23,342	(0.05)%
Community/Economic Development	27,000	0.60%	21,708	0.48%	5,292	(0.01)%
Debt service	283,348	6.33%	285,489	6.30%	(2,141)	(0.00)%
Capital outlay	-	0.00%	-	0.00%	-	0.00%
Total	\$ 4,479,049	100.00%	\$ 4,530,906	100.00%	\$ (51,857)	(1.16)%

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, 2017, 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.

	2017	2016	Variance	
	Amount	Amount	Amount	Percent
Water Fund				
Operating				
Revenues	\$ 1,251,618	\$ 1,263,867	\$ (12,249)	(0.10)%
Expenses	(1,464,708)	(1,183,455)	(281,253)	(23.77)%
Non-operating revenue(expense)	(196,613)	(180,190)	(16,423)	(9.11)%
Net operating transfers	38,905	-	38,905	100.00 %
Change in net assets	\$ (370,798)	\$ (99,778)	\$ (271,020)	

Water Fund - The Water Fund reported a decrease in net position in fiscal year 2016-2017 compared to fiscal year 2015-2016. Revenues decreased by 0.10% while expenses increased by 23.77%. The increase was due, in part, to one-time charges incurred in the debt refunding and adjustments to the pension liabilities reported by CalPERS. The Water Fund also experienced a negative change in net position in fiscal year 2015-16.

	2017	2016	Variance	
	Amount	Amount	Amount	Percent
Sewer Fund				
Operating				
Revenues	\$ 1,882,047	\$ 1,761,040	\$ 121,007	3.33%
Expenses	(1,757,321)	(1,790,549)	33,228	3.06%
Non-operating revenue(expense)	(211,884)	(252,258)	40,374	(1.39)%
Net operating transfers	(38,905)	-	(38,905)	(100.00%)
Change in net assets	\$ (126,063)	\$ (281,767)	\$ 155,704	

Sewer Fund - The Sewer Fund reported a decrease in the negative change in net position in fiscal year 2016-2017 compared to fiscal year 2015-2016. Revenues increased and expenses decreased, the net effect was a 55.26% decrease in the amount of loss.

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 2016-17 anticipated a surplus of \$89,974. The results of the General Fund were more favorable than anticipated, with an actual surplus of \$1,032,515. Revenues in fiscal year 2016-17 were \$655,054, or 13.48%, more than the budget estimate. Expenditures in fiscal year 2016-17 were \$287,487, or 6.03%, 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.

	2017			2016		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues	\$ 4,856,510	\$ 5,511,564	\$ 655,054	\$ 4,446,410	\$ 4,517,803	\$ 71,393
Expenditures	(4,766,536)	(4,479,049)	287,487	(4,880,020)	(4,660,736)	219,284
Operating Result	89,974	1,032,515	942,541	(433,610)	(142,933)	290,677
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Net Result	\$ 89,974	\$ 1,032,515	\$ 942,541	\$ (433,610)	\$ (142,933)	\$ 290,677

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, 2017, was \$12,601,308 and \$12,762,770 respectively. This represented an increase in the net investment of 9.64 % for governmental and a decrease in net investment of 4.64 % for business-type activities. The overall increase was 1.95% for the City as a whole.

TABLE 8 - NET INVESTMENT IN CAPITAL ASSETS			
Governmental Funds			
2017	2016	Variance \$	Variance %
\$ 12,601,308	\$11,493,437	\$ 1,107,871	9.64%
Business-type Funds			
2017	2016	Variance \$	Variance %
\$ 12,762,770	\$13,384,262	\$ (621,492)	(4.64)%

Long-term debt. As of June 30, 2017, the City had total debt outstanding of \$10,939,149; this is a decrease from the total debt outstanding at June 30, 2016, by \$936,988. This decrease is due to loan principal pay downs by the City during the current fiscal year combined with the issuance of the 2017 Revenue Refunding Bonds to eliminate the 1999 and 2005 Certificates of Participation, the Clark Well Loan and the 2005 Revenue Refunding Bonds.

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	
	2017	2016	2017	2016	2017	2016
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	450,522	406,457	101,612	104,994	552,134	508,069
Pension Obligation Bonds	1,598,458	1,806,597	168,557	190,402	1,767,015	1,996,999
2017 Revenue Refunding Bonds	-	-	8,620,000	-	8,620,000	-
1999 Certificates of Participation	-	-	-	3,386,100	-	3,386,100
2005 Certificates of Participation	-	-	-	1,645,000	-	1,645,000
2005 Revenue Refunding Bonds	-	-	-	3,765,000	-	3,765,000
Clark Well Loan	-	-	-	574,969	-	574,969
Total	<u>\$ 2,048,980</u>	<u>\$ 2,213,054</u>	<u>\$ 8,890,169</u>	<u>\$ 9,666,465</u>	<u>\$ 10,939,149</u>	<u>\$ 11,876,137</u>

NEW SIGNIFICANT ACCOUNTING STANDARDS IMPLEMENTED

In fiscal year 2016-17, 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, 2017. 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, 2017.

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, 2017, 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, 2017.

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 2017, 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

Fuel, auto and transportation sales are the greatest contributors to sales tax revenue for the City. Sales tax from fuel has been experiencing an overall decline since early 2012, while other retailers in Corning have remained stable overall. Specifically, sales tax from auto sales and transportation has been increasing each year to the point where the City receives more sales tax from auto and transportation sales than from fuel. There was a total of \$2,609,185 in sales tax and \$483,012 in transactions and use tax in fiscal year 2016-2017. Transaction and Use tax revenue for FY 2016-2017 represented two quarters. City staff expect the annual generation of Transactions and Use tax to be approximately \$1,000,000 in future years. Overall sales and use taxes are up \$709,617 from fiscal year 2015-2016 largely due to Transaction and Use tax received.

In FY 2016-2017 the City refinanced the City's water and sewer debt along with the Clark Park well loan. In FY 2017-2018 the refinancing will save the Sewer Fund \$ 46,964. In FY 2017-2018 the refinancing will save the Water Fund \$95,634. Water fund savings in years beyond FY 2017-2018 will be less due to the nature of the refinancing. The

refinancing allowed the City to defer or minimize future water rate increases, while providing positive cash flow savings.

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 2017. The City will need to consider implementing additional annual increases to account for inflation and decreases in water consumption in fiscal year 2017-2018 to ensure the total annual net income for the water fund remains positive.

In May of 2014 the City Council implemented Resolution No. 05-27-2014-01. The 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 last rate increase as part of Resolution No. 05-27-2014-01 will occur on July 1, 2018. Thereafter the City will need to consider a future rate increase to ensure the total annual net income for the sewer fund remains positive.

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.

Street Maintenance is funded by Federal funds, State gas taxes, local transportation taxes and the City General Fund. Few people realize State gas taxes and local transportation taxes are a small portion of a City's investment in Roads. The City received only \$337,839 in State Gas Taxes and local transportation taxes during the year; that is only \$44.09 per year per resident. The balance of the funds spent on roads comes from the City General Fund and available Federal funding.

For Fiscal Year 2016-2017 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 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.

The Police Department leads through the Chief and three Sergeants; there are no Captains or Lieutenants employed at this time. There currently is also an unfilled Dispatch Records Supervisor position.

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 Kristina Miller, City Manager, City of Corning, 794 Third Street, Corning, California 96021.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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CITY OF CORNING
STATEMENT OF NET POSITION
June 30, 2017

Statement 1

	Primary Government		
	Governmental Activities	Business Activities	Total
<u>ASSETS</u>			
Cash and Investments (Note 3)			
Available for operations	\$ 3,239,560	\$ 2,096,631	\$ 5,336,191
Restricted	-	255,107	255,107
Receivables (net of allowance for uncollectable)			
Accounts Receivable	-	197,933	197,933
Intergovernmental Receivable	128,364	-	128,364
Receivable from Other Governments	68,790	-	68,790
Other Receivable	25,520	-	25,520
Loans Receivable (CDBG.)	4,181,872	-	4,181,872
Internal balances	-	-	-
Inventory	-	75,525	75,525
Due From Other Funds	-	-	-
Capital Assets (Note 2):			
Unamortized loan acquisition costs	-	270,200	270,200
Land and construction in progress	814,773	838,088	1,652,861
Depreciable assets, net	11,786,535	11,924,682	23,711,217
Total Assets	<u>20,245,414</u>	<u>15,658,166</u>	<u>35,903,580</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	<u>1,297,046</u>	<u>147,717</u>	<u>1,444,763</u>
<u>LIABILITIES</u>			
Accounts Payable	66,162	176,221	242,383
Accrued Wages/Payroll Taxes	33,359	9,866	43,225
Accrued Interest Payable	5,862	99,164	105,026
Deposits	-	30,309	30,309
Other Accrued Liabilities	-	-	-
Accrued compensated absences:			
Due within one year	45,000	63,197	108,197
Due in more than one year	405,522	40,517	446,039
Long-term debt			
Due within one year	224,366	214,723	439,089
Due in more than one year	1,374,092	8,573,834	9,947,926
Net Pension Liability	4,969,436	551,180	5,520,616
Loans	-	-	-
Capital Leases	-	-	-
Total Liabilities	<u>7,123,799</u>	<u>9,759,011</u>	<u>16,882,810</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
GASB 68 Actuarial Adjustments	618,203	113,025	731,228
Unearned Revenue	<u>4,194,082</u>	-	<u>4,194,082</u>
Total Deferred Inflows of Resources	<u>4,812,285</u>	<u>113,025</u>	<u>4,925,310</u>
<u>NET POSITION</u>			
Net investment in capital assets	11,002,850	3,974,213	14,977,063
Restricted for debt service	-	1,753,226	1,753,226
Unrestricted	<u>(1,396,475)</u>	<u>206,408</u>	<u>(1,190,067)</u>
Total Net Position	<u>\$ 9,606,375</u>	<u>\$ 5,933,847</u>	<u>\$ 15,540,222</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2017

Statement 2

	Program Revenues					Net (Expense) Revenue and Changes In Net Position	
	Expenses	Charges for Services	Operating		Governmental Activities	Business-Type Activities	
			Grants and Contributions	Capital Grants and Contributions			
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General Government:							
City Council	\$ 32,079	\$ -	\$ -	\$ -	\$ (32,079)	\$ -	
City Administration	182,007	-	-	-	(182,007)	-	
City Clerk	19,323	-	-	-	(19,323)	-	
City Treasurer	827	-	-	-	(827)	-	
City Finance	89,201	-	-	-	(89,201)	-	
General Government	562,781	165,460	-	-	(397,321)	-	
Total General Government	<u>886,218</u>	<u>165,460</u>	<u>-</u>	<u>-</u>	<u>(720,758)</u>	<u>-</u>	
Public Safety and Judiciary:							
Legal Services	75,431	-	-	-	(75,431)	-	
Police	2,705,831	7,517	105,933	-	(2,592,381)	-	
Police Dispatch	593,454	-	-	-	(593,454)	-	
Animal Control	137,614	-	-	-	(137,614)	-	
Fire	794,641	-	-	-	(794,641)	-	
Total Public Safety and Judiciary	<u>4,306,971</u>	<u>7,517</u>	<u>105,933</u>	<u>-</u>	<u>(4,193,521)</u>	<u>-</u>	
Transportation:							
Airport	-	-	-	-	-	-	
Streets	509,182	-	235,236	824,817	550,871	-	
Total Transportation	<u>509,182</u>	<u>-</u>	<u>235,236</u>	<u>824,817</u>	<u>550,871</u>	<u>-</u>	
Cultural, Parks and Recreation							
Library	23,333	-	-	-	(23,333)	-	
Theater	2,903	-	-	-	(2,903)	-	
Parks and Recreation	366,797	40,588	-	-	(326,209)	-	
Total Cultural, Parks and Recreation	<u>393,033</u>	<u>40,588</u>	<u>-</u>	<u>-</u>	<u>(352,445)</u>	<u>-</u>	
Community/Economic Development:							
Economic Development	49,231	-	-	176,170	126,939	-	
Total Community/Economic Development	<u>49,231</u>	<u>-</u>	<u>-</u>	<u>176,170</u>	<u>126,939</u>	<u>-</u>	
Business-Type Activities							
Sewer	1,975,097	1,766,384	-	-	-	(208,713)	
Water	1,665,136	1,237,960	-	-	-	(427,176)	
Solid Waste	480,620	477,491	-	-	-	(3,129)	
Airport	45,317	-	-	-	-	(45,317)	
Transportation	18,058	-	-	-	-	(18,058)	
Total Business-Type Activities	<u>4,184,228</u>	<u>3,481,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(702,393)</u>	
Total	<u>\$ 10,328,863</u>	<u>\$ 3,695,400</u>	<u>\$ 341,169</u>	<u>\$ 1,000,987</u>	<u>\$ (4,588,914)</u>	<u>\$ (702,393)</u>	

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2017

Statement 2
(Continued)

CHANGES IN NET POSITION:

	Governmental	Business	Total
	Activities	Activities	Total
Net (Expense)/Revenue	\$ (4,588,914)	\$ (702,393)	\$ (5,291,307)
General Revenues:			
Taxes			
Sales and Use Taxes	3,261,363	-	3,261,363
Property Taxes	553,325	-	553,325
Franchise Taxes	125,940	-	125,940
Vehicle License Fees	574,793	-	574,793
Transit Occupancy Tax	391,313	-	391,313
Other Taxes	249,220	-	249,220
Intergovernmental	347,405	-	347,405
Investment Income	6,455	10,040	16,495
Donations	-	-	-
Other	218,930	194,311	413,241
Transfers - Internal Activity	-	-	-
Total General Revenues and Transfers	<u>5,728,744</u>	<u>204,351</u>	<u>5,933,095</u>
Change in Net Position	1,139,830	(498,042)	641,788
Net Position - Beginning of Year	<u>8,622,216</u>	<u>6,431,889</u>	<u>15,054,105</u>
Prior Period Adjustment	(155,671)	-	(155,671)
Residual Equity Transfers In (Out)	-	-	-
Net Position - Ending of Year	<u>\$ 9,606,375</u>	<u>\$ 5,933,847</u>	<u>\$ 15,540,222</u>

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

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CITY OF CORNING
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

Statement 3

ASSETS	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Investments	\$ 1,676,981	\$ 1,562,579	\$ 3,239,560
Intergovernmental Receivable	-	128,364	128,364
Notes Receivable (C.D.B.G.)	-	4,181,872	4,181,872
Receivable from Other Governments	68,790	-	68,790
Other Receivable	25,520	-	25,520
Due From Other Funds	<u>331,999</u>	<u>-</u>	<u>331,999</u>
Total Assets	<u>2,103,290</u>	<u>\$ 5,872,815</u>	<u>\$ 7,976,105</u>
LIABILITIES			
Accounts Payable	\$ 59,464	\$ 6,698	\$ 66,162
Accrued Wages/Payroll Taxes	33,359	-	33,359
Due to Other Funds	-	331,999	331,999
Other liabilities	<u>5,862</u>	<u>-</u>	<u>5,862</u>
Total Liabilities	<u>98,685</u>	<u>338,697</u>	<u>437,382</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Building Permits	12,210	-	12,210
Deferred Revenue - Loans Receivable	<u>-</u>	<u>4,181,872</u>	<u>4,181,872</u>
Total Liabilities	<u>110,895</u>	<u>4,520,569</u>	<u>4,631,464</u>
FUND BALANCES			
Restricted for contingences	625,000	-	625,000
Unassigned	1,367,395	-	1,367,395
Unassigned - Special Revenues Funds	-	1,223,497	1,223,497
Unassigned - Capital Projects Funds	<u>-</u>	<u>128,749</u>	<u>128,749</u>
Total Fund Balances	<u>1,992,395</u>	<u>1,352,246</u>	<u>3,344,641</u>
Total Liabilities and Fund Balances	<u>\$ 2,103,290</u>	<u>\$ 5,872,815</u>	<u>\$ 7,976,105</u>

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

Total Fund Balance - Total Governmental Funds	\$	3,344,641
Amounts reported for governmental activities in the Statement of Net Position 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.		12,601,308
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Deferred Outflows of Resources		1,297,046
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Deferred Inflows of Resources	\$	(618,203)
Pension obligation Bonds		(1,598,458)
Accrued Compensated Absences		(450,522)
Net leases		-
Net Pension Liability		<u>(4,969,436)</u>
Net Position of Governmental Activities	\$	<u>9,606,376</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, 2017

Statement 4

	<u>General fund</u>	<u>Non-Major Governmental funds</u>	<u>Total Governmental funds</u>
REVENUES:			
Taxes	\$ 4,907,566	\$ 248,388	\$ 5,155,954
Intergovernmental Revenues	262,651	1,426,910	1,689,561
Interest	2,580	3,875	6,455
Licenses and Permits	35,271	-	35,271
Miscellaneous	303,496	93,728	397,224
Total Revenues	<u>5,511,564</u>	<u>1,772,901</u>	<u>7,284,465</u>
EXPENDITURES:			
Current:			
General Government:			
City Council	25,078	-	25,078
City Administration	142,285	-	142,285
City Clerk	15,106	-	15,106
City Treasurer	646	-	646
City Finance	69,733	-	69,733
General Government	428,798	11,159	439,957
Total General Government	<u>681,646</u>	<u>11,159</u>	<u>692,805</u>
Public Safety and Judiciary:			
Legal Services	58,969	-	58,969
Police	1,739,659	375,639	2,115,298
Police Dispatch	463,935	-	463,935
Animal Control	107,581	-	107,581
Fire	621,215	-	621,215
Total Public Safety and Judiciary	<u>2,991,359</u>	<u>375,639</u>	<u>3,366,998</u>
Transportation:			
Streets	190,639	207,416	398,055
Total Transportation	<u>190,639</u>	<u>207,416</u>	<u>398,055</u>
Cultural, Parks and Recreation			
Library	18,241	-	18,241
Theater	2,269	-	2,269
Parks and Recreation	284,547	2,264	286,811
Total Cultural, Parks and Recreation	<u>305,057</u>	<u>2,264</u>	<u>307,321</u>
Community/Economic Development:			
Economic Development	27,000	11,487	38,487
Total Community/Economic Development	<u>27,000</u>	<u>11,487</u>	<u>38,487</u>
Debt Service:			
Principal	97,443	-	97,443
Interest and Other Charges	185,905	-	185,905
Capital Outlay	-	1,377,143	1,377,143
Total Expenditures	<u>4,479,049</u>	<u>1,985,108</u>	<u>6,464,157</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,032,515</u>	<u>(212,207)</u>	<u>820,308</u>
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	-	-	-
Transfers In / Out	-	-	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,032,515	(212,207)	820,308
Fund Balances-Beginning of Year	959,880	1,720,124	2,680,004
Prior period adjustment	-	(155,671)	(155,671)
Fund Balances-End of Year	<u>\$ 1,992,395</u>	<u>\$ 1,352,246</u>	<u>\$ 3,344,641</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, 2017

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 Position:

Net change in fund balances - Total Governmental Funds	\$	820,308
<p>Amounts reported for governmental activities in the Statement of Activities and changes in Net Position are different because:</p>		
<p>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:</p>		
Capital assets purchases capitalized	1,377,143	
Donated Infrastructure not included in capital outlay	83,141	
Depreciation expense	<u>(323,740)</u>	1,136,544
<p>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 Position. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Bond proceeds	-	
Bond Principal Retirement	<u>97,443</u>	97,443
<p>Revenues in the Statement of Activities that do not provide current funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Capital lease obligation principal payments		-
<p>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:</p>		
Net Pension Liability		-
Accrued compensated absences		<u>37,957</u>
Change in Net Position of Governmental Activities	\$	<u><u>2,092,252</u></u>

CITY OF CORNING
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

Statement 5

	<u>Enterprise Funds</u>
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash and Investments	\$ 2,096,631
Accounts Receivable	197,933
Inventory	75,525
Total Current Assets	<u>2,370,089</u>
<u>Noncurrent Assets:</u>	
Capital Assets:	
Land and Construction in Progress	838,088
Property, Plant, and Equipment	25,450,405
Accumulated Depreciation	(13,525,723)
Net Capital Assets	<u>12,762,770</u>
Loan Acquisition Costs	279,610
Accumulated Amortization	(9,410)
Net Loan Acquisition Costs	<u>270,200</u>
Restricted Assets	<u>255,107</u>
Total Noncurrent Assets	<u>13,288,077</u>
Deferred Outflows of Resources	
Pension Contribution	147,717
Total Assets	<u>\$ 15,805,883</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 176,221
Accrued Wages/Payroll Taxes	9,866
Other Accrued Liabilities	-
Accrued Interest Payable	99,164
Deposits	30,309
Current Portion of Non-Current Liabilities	277,920
Total Current Liabilities	<u>593,480</u>
<u>Noncurrent Liabilities:</u>	
Notes, Bonds and Certificates Payable	8,510,637
Accrued Compensated Absences	103,714
Net Pension Liability	551,180
Loans	-
Total Noncurrent Liabilities	<u>9,165,531</u>
Total Liabilities	<u>9,759,011</u>
<u>Deferred Inflows of Resources</u>	
GASB 68 Actuarial Adjustments	<u>113,025</u>
<u>NET POSITION:</u>	
Investment in Capital Assets, net of related debt	3,974,213
Restricted for debt service	1,753,226
Unrestricted	206,408
Total Net Position	<u>\$ 5,933,847</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, 2017

Statement 6

	<u>Enterprise Funds</u>
OPERATING REVENUES:	
Charges for Services	
Sewer Charges	\$ 1,766,384
Water Charges	1,237,310
Solid Waste	477,491
Connection Fees	650
Lease and Rents	57,453
Other revenue	136,858
Total Operating Revenues	<u>3,676,146</u>
OPERATING EXPENSES:	
Salaries and Benefits	1,142,514
Utilities	340,071
Depreciation	665,154
Amortization	2,815
Other Expenses	1,615,470
Total Operating Expenses	<u>3,766,024</u>
Operating Income	<u>(89,878)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	10,040
Interest expense	<u>(418,204)</u>
Total Nonoperating Revenue (Expenses)	<u>(408,164)</u>
Income Before Contributions and Transfers	(498,042)
Operating transfers in (out)	<u>-</u>
Net income (Loss)	(498,042)
Net Position-Beginning of Year - As previously stated	6,431,889
Prior period adjustment	<u>-</u>
Net Position - Beginning of Year	6,431,889
Residual Equity Transfers In	1,210,365
Residual Equity Transfers Out	<u>(1,210,365)</u>
Net Position - End of Year	\$ <u><u>5,933,847</u></u>

CITY OF CORNING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2017

Statement 7

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 3,513,995
Other Operating Cash Receipts	194,311
Payments to Suppliers	(1,971,360)
Payments to Employees	<u>(1,140,868)</u>
Net Cash Provided (Used) by Operating Activities	<u>596,078</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers from (to) other funds	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest Paid	(440,764)
Repayment of Certificates of Participation	(890,678)
Repayment of Loan Payable: Mid Valley Bank	406
Changes in GASB 68 amounts	(60,209)
Payments for capital acquisitions	<u>1,401,286</u>
Net cash (used by) capital and related financing activities	<u>10,041</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Receipts of interest	<u>10,040</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>616,159</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,032,865</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,649,024</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ (89,878)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used by) Operating Activities:	
Depreciation/Amortization	667,969
Prior period adjustments	-
Decrease (Increase) in Accounts Receivable	81,901
Decrease (Increase) in Inventory	(1,488)
Decrease (Increase) in Other Assets	-
Increase (Decrease) in Accounts Payable	8,692
Increase (Decrease) in Wages Payable	1,646
Increase (Decrease) in Accrued Compensation	-
Increase (Decrease) in Due to Other Funds	(463)
Increase (Decrease) in Interest Payable	(22,560)
Increase (Decrease) in Deposits	<u>(49,741)</u>
Net cash from (used for) operating activities	<u>\$ 596,078</u>

See accompanying notes to the
basic financial statements.

CITY OF CORNING
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

Statement 8

	<u>Private Purpose Trust Funds</u>
<u>ASSETS</u>	
Cash and Investments	\$ 286,974
Total Assets	<u>\$ 286,974</u>
<u>Net Position</u>	
Held in trust for:	
Scholarships	\$ 25,402
Library Systems	261,572
Theater	<u>-</u>
Total Net Position	<u>\$ 286,974</u>

CITY OF CORNING
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

Statement 9

	<u>Private Purpose Trust Funds</u>
<u>Additions:</u>	
Interest Income	\$ 831
Total Revenues	<u>831</u>
<u>Deductions:</u>	
Scholarships	500
Capital Outlay	1,000
Other Deductions	<u>-</u>
Total Deductions	<u>1,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(669)</u>
Change in Net Position	<u>(669)</u>
Net Position - Beginning of the Year	287,643
Residual Equity Transfers	<u>-</u>
Net Position - End of the Year	<u>\$ 286,974</u>

BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

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**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017

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, 2017

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017

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, 2017

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, 2017

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, 2017

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

New Pronouncements

Governmental Accounting Standards Board Statement No. 81

Irrevocable Split-Interest Agreements - Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries. A government that receives resources pursuant to an irrevocable split-interest agreement must recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. This statement also addresses when a government should recognize assets of irrevocable split-interest agreements that are administered by a third party. This statement is effective for periods beginning after December 15, 2016.

Governmental Accounting Standards Board Statement No. 83

Certain Asset Retirement Obligations - GASB defines an asset retirement obligation (ARO) as “a legally enforceable liability associated with the retirement of a tangible capital asset.” The capital asset must be permanently removed from service through its sale, abandonment or disposal. The most common ARO relates to municipal solid waste landfill closures, which is covered by GASB Statement No. 18. This statement applies to the retirement of other capital assets, including sewage treatment facilities. The measurement of an ARO must be based on the best estimate of the current value of expected outlays. The statement also requires disclosure of information about the government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated capital assets. This statement is effective for periods beginning after June 15, 2017.

Governmental Accounting Standards Board Statement No. 84

Fiduciary Activities - This statement establishes criteria to identify whether an activity is fiduciary, how fiduciary activities should be reported in the financial statements, and when liabilities to beneficiaries should be noted. The use of agency funds has been eliminated and replaced with custodial funds. While agency funds reported only assets and liabilities, custodial funds also report net position and present a statement of changes in fiduciary net position. This statement will affect the financial reporting of many local governments. GASB No. 84 is effective for reporting periods beginning after December 15, 2017.

Governmental Accounting Standards Board Statement No. 85

Omnibus 2017 - This statement addresses issues that were identified during the implementation of other GASB statements. Among issues addressed are those related to fair value measurement

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 3: DETAILED NOTES

New Pronouncements (Continued)

and application, pensions and other postemployment benefits. This statement is effective for reporting periods beginning after June 15, 2017.

Governmental Accounting Standards Board Statement No. 86

Certain Debt Extinguishment Issues - GASB Statement No. 7 requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding bond proceeds in a trust to be used solely for the scheduled payments of principal and interest of the defeased debt. This statement establishes the same requirements for when a government places cash and other monetary assets acquired with other existing resources in an irrevocable trust to extinguish the debt. GASB No. 86 is effective for reporting periods beginning after June 15, 2017.

Governmental Accounting Standards Board Statement No. 87

Leases - The GASB recently issued a new pronouncement on lease accounting. Many governments routinely enter into leases for vehicles and other equipment. The standard would eliminate the current distinction between operating and capital leases and would require the recording of a lease liability and an intangible asset to represent the right to use the asset. The leased asset would be amortized over the term of lease and recognize interest expense related to the lease liability. Government lessors would recognize a receivable for the right to receive payments and a deferred inflow of resources, with lease revenue recognized over the term of the lease. GASB No. 87 is effective for reporting periods beginning after December 15, 2019.

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, 2017

NOTE 3: DETAILED NOTES

Cash and Investments

As of June 30, 2017, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 5,591,298
Agency funds	<u>286,974</u>
Total Cash and Investments	<u>\$ 5,878,272</u>

As of June 30, 2017, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 1,600
Deposits (less outstanding checks)	<u>3,076,189</u>
Total Cash	<u>3,077,789</u>

As of June 30, 2017, the City's investments consisted of the following:

Investments:	
In California Local Agency Investment Fund (at market):	<u>2,800,483</u>
Total Investments	<u>2,800,483</u>
Total Cash and Investments	<u>\$ 5,878,272</u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$3,076,429 and the bank balance was \$3,465,903. 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, 2017

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, 2017, 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, 2017, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$2,800,483. 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, 2017

NOTE 3: DETAILED NOTES (Continued)

Capital Assets

Capital assets activity for the year ended June 30, 2017, was as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	<u>814,733</u>	<u>-</u>	<u>(814,733)</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>814,733</u>
Capital Assets, Being Depreciated:					
Buildings	1,639,886	-	-	-	1,639,886
Parks	3,964,151	90,300	-	-	4,054,451
Fire Department	1,271,747	172,304	-	-	1,444,051
Police Department	773,719	-	(90,151)	(25,630)	657,938
Machinery and equipment	692,238	-	(35,547)	25,630	682,321
Infrastructure	<u>6,719,193</u>	<u>1,168,767</u>	<u>-</u>	<u>-</u>	<u>7,887,960</u>
Total Capital Assets, Being Depreciated	15,060,934	1,431,371	(125,698)	-	16,366,607
Less Accumulated Depreciation	<u>(4,382,230)</u>	<u>(323,740)</u>	<u>125,698</u>	<u>-</u>	<u>(4,580,072)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,678,704</u>	<u>1,107,631</u>	<u>-</u>	<u>-</u>	<u>11,786,535</u>
Total Governmental Activities, Net	<u>\$ 11,493,437</u>	<u>\$ 1,107,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,601,068</u>
	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 838,088	\$ -	\$ -	\$ -	\$ 838,088
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>838,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>838,088</u>
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	<u>22,114,718</u>	<u>21,071</u>	<u>-</u>	<u>-</u>	<u>22,135,789</u>
Total Capital Assets, Being Depreciated	<u>25,429,334</u>	<u>21,071</u>	<u>-</u>	<u>-</u>	<u>25,450,405</u>
Less Accumulated Depreciation	<u>(12,860,569)</u>	<u>(644,083)</u>	<u>-</u>	<u>-</u>	<u>(13,525,723)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,568,765</u>	<u>(644,083)</u>	<u>-</u>	<u>-</u>	<u>11,924,682</u>
Total Business-type Activities, Net	<u>\$ 13,406,853</u>	<u>\$ (644,083)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,762,770</u>

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3: DETAILED NOTES (Continued)

Capital Assets (Continued)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
Loan Acquisition Costs:					
Loan Acquisition Costs	\$ 136,807	\$ 279,610	\$ (136,807)	\$ -	\$ 279,610
Less Accumulated amortization	<u>(68,224)</u>	<u>(9,410)</u>	<u>68,224</u>	<u>-</u>	<u>(9,410)</u>
Loan Acquisition costs, net of amortization	<u>\$ 68,583</u>	<u>\$ 270,200</u>	<u>\$ (68,583)</u>	<u>\$ -</u>	<u>\$ 270,200</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 46,692
Public Safety and Judiciary	226,916
Transportation	26,827
Culture Parks and Recreation	20,711
Community Economic Development	<u>2,594</u>
Total Depreciation Expense -- Governmental Functions	<u>\$ 323,740</u>

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

Sewer	\$ 481,279
Solid Waste	-
Airport	33,132
Transportation	-
Water	<u>150,743</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 665,154</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, 2017.

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, 2017

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, 2017, the components of unearned revenue consisted of off-sets to notes receivable in the amount of \$4,181,872, in addition there was unearned revenue in the General Fund in the amount of \$12,210.

Long-term Debt

Long-term debt for the year ended June 30, 2017, was as follows:

	Balance		Adjustments/	Balance	Amounts
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities					
Pension Obligation Bonds	\$ 1,806,597	\$ -	\$ (208,139)	\$ 1,598,458	\$ 224,366
Compensated Absences (Note 1)	<u>406,457</u>	<u>76,767</u>	<u>(32,702)</u>	<u>450,522</u>	<u>45,000</u>
Total Government Activities	<u>\$ 2,213,054</u>	<u>\$ 76,767</u>	<u>\$ (240,841)</u>	<u>\$ 2,048,980</u>	<u>\$ 269,366</u>
Business-Type Activities					
1999 Certificates of Participation	\$ 3,386,100	\$ -	\$ (3,386,100)	\$ -	\$ -
2005 Certificates of Participation	1,645,000	-	(1,645,000)	-	-
2005 Revenue Refunding Bonds	3,765,000	-	(3,765,000)	-	-
Clark Well Loan	574,969	-	(574,969)	-	-
2017 Water and Sewer Revenue Refunding Bonds	-	8,620,000	-	8,620,000	255,000
Pension Obligation Bonds	190,402	-	(21,845)	168,557	23,634
Compensated Absences (Note 1)	<u>104,994</u>	<u>25,288</u>	<u>(28,670)</u>	<u>101,612</u>	<u>63,197</u>
Total Business-Type Activities	<u>\$ 9,666,465</u>	<u>\$ 8,645,288</u>	<u>\$ (9,421,584)</u>	<u>\$ 8,890,169</u>	<u>\$ 341,831</u>

At June 30, 2017, 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, 2017**

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 was the registered payee of the certificates. The City leased the water and sewer project assets from the Corporation. During the fiscal year ended June 30, 2017 the 1999 Certificates of Participation were defeased with the 2017 Refunding Bonds.

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. During the fiscal year ended June 30, 2017 the Installment Purchase Agreement was defeased with the 2017 Refunding Bonds.

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, 2017**

NOTE 3: DETAILED NOTES (Continued)

Long-term Debt (Continued)

During the fiscal year ended June 30, 2017 the Series B Certificates were defeased with the 2017 Refunding Bonds.

2017 Revenue Refunding Bond

In March of 2017, the City of Corning entered into an agreement with Union Bank of California, N.A., to sell Revenue Refunding Bonds in the amount of \$8,620,000. The Water Revenue Refunding Bonds in the amount of \$3,460,000 and Sewer Revenue Refunding Bonds in the amount of \$5,160,000, along with other available money, were used to refinance the 2005 Series B of the Certificates of Participation, the Installment Purchase Agreement for the Clark Well and the 1999 Certificates of Participation. The 2017 Bonds bear an interest rate of 3.25 percent. The payment of principal and interest is derived solely from water and sewer revenue. Interest is payable semiannually on March 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, 2017, are disclosed in the other disclosures section on pages 54 through 59.

Operating Leases

Rental expenses incurred under operating leases are not considered material.

Continued on the following page

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3: DETAILED NOTES (Continued)

Interfund Transactions

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following amounts were reflected as due from and due to other funds as of June 30, 2017:

<u>Due To:</u>		<u>Due From:</u>	
General Fund	\$ 331,999	BCJI Program Fund	\$ 152,330
		Parks and Recreation Revolving Fund	630
		General Plan Update Fund	579
		Housing Rehabilitation RLF Fund	1,820
		Street Scape Fund	176,640
		Lighting and Landscaping	-
Total	\$ <u>331,999</u>		\$ <u>331,999</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, 2017:

<u>Transfer From:</u>		<u>Transfer To:</u>	
Sewer Enterprise Fund	\$ 365,000	WWTP Debt Service Fund	\$ 240,000
		WWTP Capital Replacement Fund	85,000
		Sewer Capital Reserve Fund	40,000
1999 COP Fund	231,302	Water Enterprise Fund	425,853
2005 Sewer COP Reserve	38,905	2017 Water Bond	127
2005 Water COP Reserve	155,773		
Water Enterprise Fund	81,300	Water Capital Replacement Fund	78,500
		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>899,280</u>		\$ <u>899,280</u>

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017**

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, 2016, the valuation date, the following employees were covered by the benefit terms:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Hire date	On or after 01/01/2013	On or after 01/01/2013
Benefit formula	3%@55	2%@60
Vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	60
Monthly benefits as a % of eligible compensation	3%	2%
Required employee contribution rate	9%	7%
Required employer contribution rate	20.057%	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, 2017

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, 2017, 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, 2017, 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>Miscellaneous Plan</u>
Proportionate shares of the net pension liability	\$ <u>3,145,751</u>	\$ <u>2,374,865</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, 2016, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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>Miscellaneous Plan</u>
Proportion - June 30, 2015	0.05970%	0.06724%
Proportion - June 30, 2016	0.06074%	0.06836%
Change, Increase (Decrease)	<u>0.00104%</u>	<u>0.00112%</u>

For the year ended June 30, 2017, the Local Government recognized pension expense of \$744,192. At June 30, 2017, the Local Government reported deferred outflows of resources related to pensions from the following sources:

Pension contributions subsequent to measurement date	\$ 576,030
Differences between actual and expected experience	812,922
Changes in assumptions	-
Change in employer's proportion	5,592
Differences between the employer's contributions and the employer's proportionate share of contributions	<u>15,528</u>
Total	<u>\$ 1,410,041</u>

At June 30, 2017, the Local Government reported deferred inflows of resources related to pensions from the following sources:

Differences between actual and expected Investment experience	\$ 16,960
Changes in assumptions	161,624
Change in employer's proportion	19,299
Differences between the employer's contributions and the employer's proportionate share of contributions	<u>568,037</u>
Total	<u>\$ 765,920</u>

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. 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>Miscellaneous Plan</u>
2018	\$ (160,291)	\$ (136,154)
2019	(113,077)	(101,334)
2020	223,763	144,029
2021	123,973	87,210
2022	-	-
Thereafter	-	-

Actuarial Methods and Assumption Used to Determine Total Pension Liability

The June 30, 2016 and the June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Valuation Date	-----June 30, 2016-----	
Measurement Date	-----June 30, 2017-----	
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%----- ²⁾	
Mortality	Derived using CalPERS Membership Data for all funds ⁽¹⁾	

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2016 actuarial experience study for the period 1997 to 2015. 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, 2017

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, 2017

NOTE 4: Retirement Plans (Continued)

Discount Rate (Continued)

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

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

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

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

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

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

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
1% Decrease Net Pension Liability	6.65% \$ 4,805,641	6.65% \$ 3,782,870
Current Discount Rate Net Pension Liability	7.65% \$ 3,145,751	7.65% \$ 2,374,865
1% Increase Net Pension Liability	8.65% \$ 1,783,151	8.65% \$ 1,211,219

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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 2017. 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, 2017

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, 2016, the most recent available:

Assets	\$ <u>46,940,001</u>
Liabilities	36,876,069
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, 2017, 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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 7: OTHER INFORMATION (Continued)

Pledged Revenue

Revenue Pledged	Borrowing Fund/Entity - Bond/Loan	Use of Funds	Year of Loan or Year Repayments and/or Interest Payments Began	Original Issue/Loan Amount	Payments Amortized Through
Net Revenues	Sewer and Water Utility / Bond	System Expansion and Improvements	2017	\$4,322,000	2039
Net Revenues	Sewer and Water Utility / Bond	Refunding Original Bonds	2017	\$ 8,620,000	2048

Subsequent Event

Management has evaluated events subsequent to June 30, 2017 through January 18, 2018, 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, 2017, are outlined below followed by explanations as to the nature and purpose of each reserve:

<u>Reserve</u>	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>
Reserve for Contingencies	\$ 625,000	\$ -	\$ -
Reserve for Scholarships	-	-	25,402
Reserve for Library Systems	-	-	261,572
Reserve for Water funds debt	-	697,364	-
Reserve for Sewer funds debt	-	1,055,862	-

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.

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, 2017**

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 accounts payable or intergovernmental payables.
- B The City does not budget for benefit accruals.
- C The City does not budget for transfers from the debt service funds when revenue is in excess of debt service requirements.
- D The City budgets for certain receivables and payables on a cash basis.
- E 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, 2017

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS

2017 Refunding Bonds				
Installment Payment Schedule for Bonded Debt				
<u>Water Refunding</u>			<u>Sewer Refunding</u>	
Principal Amount	Maturity Date (September 1)		Principal Amount	Maturity Date (September 1)
\$ 115,000	2018		\$ 140,000	2018
85,000	2019		135,000	2019
160,000	2020		135,000	2020
170,000	2021		140,000	2021
175,000	2022		145,000	2022
180,000	2023		155,000	2023
185,000	2024		160,000	2024
190,000	2025		165,000	2025
200,000	2026		175,000	2026
205,000	2027		180,000	2027
215,000	2028		190,000	2028
85,000	2029		165,000	2029
90,000	2030		170,000	2030
90,000	2031		175,000	2031
95,000	2032		180,000	2032
100,000	2033		185,000	2033
100,000	2034		195,000	2034
105,000	2035		200,000	2035
110,000	2036		205,000	2036
115,000	2037		215,000	2037
120,000	2038		220,000	2038
125,000	2039		-	2039
130,000	2040		-	2040
155,000	2041		-	2041
160,000	2042		-	2042
<u>\$ 3,460,000</u>			<u>\$ 3,630,000</u>	

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2017

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>
\$ 105,000	2018
115,000	2019
120,000	2020
125,000	2021
130,000	2022
135,000	2023
145,000	2024
150,000	2025
160,000	2026
175,000	2027
<u>185,000</u>	2028
<u>\$ 1,545,000</u>	

Pension Obligation Bonds

<u>General Fund Principal Amount</u>	<u>Water Fund Principal Amount</u>	<u>Sewer Fund Principal Amount</u>	<u>Total Principal Amount</u>	<u>Maturity Date (Quarterly)</u>
\$ 224,366	\$ 15,326	\$ 8,308	\$ 248,000	2018
244,269	16,686	9,045	270,000	2019
265,982	18,169	9,849	294,000	2020
288,599	19,714	10,687	319,000	2021
312,121	21,321	11,558	345,000	2022
<u>263,121</u>	<u>18,012</u>	<u>9,867</u>	<u>291,000</u>	2023
<u>\$ 1,598,458</u>	<u>\$ 109,228</u>	<u>\$ 59,314</u>	<u>\$ 1,767,000</u>	

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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, 2017 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, 2017 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

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CITY OF CORNING
REQUIRED SUPPLEMENTARY INFORMATION - PENSION AND OPEB
As of June 30, 2017
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 and Related Ratios

	<u>Miscellaneous Plan</u>		<u>Safety Plan</u>	
	<u>2015</u>	<u>2017</u>	<u>2015</u>	<u>2017</u>
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 Plan Contributions

	<u>2015</u>	<u>2017</u>	<u>2015</u>	<u>2017</u>
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:

Actuarial Valuation Date	July 1, 2009	July 2, 2013
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>

SUPPLEMENTARY INFORMATION

CITY OF CORNING
GENERAL FUND
Balance Sheet
June 30, 2017

Exhibit A-1

	General Fund
	<u> </u>
ASSETS	
Cash and Investments	\$ 1,676,981
Interest Receivable	-
Accounts Receivable	-
Receivable from Other Governments	68,790
Other Receivable	25,520
Due From Other Funds	<u>331,999</u>
 Total Assets	 \$ <u><u>2,103,290</u></u>
LIABILITIES	
Accounts Payable	\$ 59,464
Accrued Wages/Payroll Taxes	33,359
Accrued Interest Payable	<u>5,862</u>
Total Liabilities	<u>98,685</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Revenue - Business Licenses	<u>12,210</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>110,895</u>
FUND EQUITY	
Reserved for contingencies	625,000
Unassigned	<u>1,367,395</u>
 Total Fund Balances	 <u>1,992,395</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ <u><u>2,103,290</u></u>

CITY OF CORNING

Exhibit A-2

GENERAL FUND**Statement of Revenues, Expenditures, and Changes in Fund Balance****Year Ended June 30, 2017**

	General Fund
REVENUES:	
Taxes	\$ 4,907,566
Intergovernmental Revenues	262,651
Interest	2,580
Licenses and Permits	35,271
Miscellaneous	303,496
Total Revenues	<u>5,511,564</u>
EXPENDITURES:	
Current:	
General Government:	
City Council	25,078
City Administration	142,285
City Clerk	15,106
City Treasurer	646
City Finance Department	69,733
General Government	428,798
Total General Government	<u>681,646</u>
Public Safety and Judiciary:	
Legal Services	58,969
Police	1,739,659
Police Dispatch	463,935
Animal Control	107,581
Fire	621,215
Total Public Safety and Judiciary	<u>2,991,359</u>
Transportation:	
Airport	
Streets	190,639
Total Transportation	<u>190,639</u>
Cultural, Parks and Recreation	
Library	18,241
Theater	2,269
Parks and Recreation	284,547
Total Cultural, Parks and Recreation	<u>305,057</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, 2017**

**General
Fund**

EXPENDITURES (Continued):

Community/Economic Development:	
Economic Development	27,000
Total Community/Economic Development	<u>27,000</u>
Debt Service:	
Principal	97,443
Interest and Other Charges	185,905
Capital Outlay	-
Total Expenditures	<u>4,479,049</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,032,515</u>
OTHER FINANCING SOURCES (USES)	
Transfers In	-
Transfers Out	-
Total Other Financing Sources and Uses	<u>-</u>
Net Change in Fund Balances	<u>1,032,515</u>
Fund Balance-Beginning as previously stated	959,880
As previously stated	
Prior period adjustments	-
Prior period Adjustment	-
Fund Balance-Beginning	<u>959,880</u>
Fund Balance-Ending	<u>\$ 1,992,395</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Taxes				
Sales and Use Taxes	\$ 2,973,000	2,973,000	\$ 3,261,363	\$ 288,363
Property Taxes	532,100	532,100	553,325	21,225
Franchise Taxes	108,000	108,000	125,940	17,940
Vehicle License Fees	555,000	555,000	574,793	19,793
Transient Occupancy Tax	355,000	355,000	391,313	36,313
Other Taxes	8,000	8,000	832	(7,168)
Total Taxes	4,531,100	4,531,100	4,907,566	376,466
Intergovernmental Revenues	134,000	134,000	262,651	128,651
Interest	1,000	1,000	2,580	1,580
Licenses and Permits	63,000	63,000	35,271	(27,729)
Miscellaneous	126,410	126,410	303,496	177,086
Other Financing Sources:				
Operating Transfers In	1,000	1,000	-	(1,000)
Amount Available for Appropriation	4,856,510	4,856,510	5,511,564	655,054
Charges to Appropriations (Outflows):				
City Council				
Personnel Services	19,500	19,500	19,377	123
Material and Supplies	1,000	1,000	1,513	(513)
Other Services and Charges	5,200	5,200	4,188	1,012
Total City Council	25,700	25,700	25,078	622
City Administration				
Personnel Services	124,179	124,179	137,522	(13,343)
Material and Supplies	2,100	2,100	1,018	1,082
Other Services and Charges	2,550	2,550	3,745	(1,195)
Total City Administration	128,829	128,829	142,285	(13,456)
City Clerk				
Personnel Services	4,550	4,550	4,521	29
Material and Supplies	12,900	12,900	1,002	11,898
Other Services and Charges	150	150	9,583	(9,433)
Total City Clerk	17,600	17,600	15,106	2,494
City Treasurer				
Personnel Services	650	650	646	4
Material and Supplies	-	-	-	-
Other Services and Charges	-	-	-	-
Total City Treasurer	650	650	646	4
City Finance Department				
Personnel Services	21,499	21,499	22,259	(760)
Material and Supplies	3,000	3,000	2,387	613
Other Services and Charges	26,600	26,600	45,087	(18,487)
Total City Finance Department	51,099	51,099	69,733	(18,634)

(Continued)

CITY OF CORNING
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2017

Exhibit A-3

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government				
Personnel Services	167,108	167,108	190,607	(23,499)
Material and Supplies	234,800	234,800	29,400	205,400
Other Services and Charges	108,900	108,900	208,791	(99,891)
Total General Government	<u>510,808</u>	<u>510,808</u>	<u>428,798</u>	<u>82,010</u>
Legal Services				
Other Services and Charges	58,620	58,620	58,969	(349)
Total Legal Services	<u>58,620</u>	<u>58,620</u>	<u>58,969</u>	<u>(349)</u>
Police				
Personnel Services	1,864,852	1,864,852	1,670,801	194,051
Material and Supplies	5,000	5,000	8,751	(3,751)
Other Services and Charges	72,670	72,670	60,107	12,563
Total Police	<u>1,942,522</u>	<u>1,942,522</u>	<u>1,739,659</u>	<u>202,863</u>
Police Dispatch				
Personnel Services	422,123	422,123	380,222	41,901
Material and Supplies	6,000	6,000	5,564	436
Other Services and Charges	73,000	73,000	78,149	(5,149)
Total Police Dispatch	<u>501,123</u>	<u>501,123</u>	<u>463,935</u>	<u>37,188</u>
Animal Control				
Personnel Services	94,861	94,861	77,236	17,625
Material and Supplies	5,900	5,900	4,338	1,562
Other Services and Charges	27,883	27,883	26,007	1,876
Total Animal Control	<u>128,644</u>	<u>128,644</u>	<u>107,581</u>	<u>21,063</u>
Fire				
Personnel Services	493,144	493,144	506,196	(13,052)
Material and Supplies	2,600	2,600	2,075	525
Other Services and Charges	64,050	64,050	112,944	(48,894)
Total Fire	<u>559,794</u>	<u>559,794</u>	<u>621,215</u>	<u>(61,421)</u>
Streets				
Personnel Services	200,555	200,555	101,607	98,948
Material and Supplies	69,000	69,000	68,761	239
Other Services and Charges	10,000	10,000	20,271	(10,271)
Total Streets	<u>279,555</u>	<u>279,555</u>	<u>190,639</u>	<u>88,916</u>
Library				
Personnel Services	-	-	515	(515)
Material and Supplies	250	250	3,718	(3,468)
Other Services and Charges	19,500	19,500	14,008	5,492
Total Library	<u>19,750</u>	<u>19,750</u>	<u>18,241</u>	<u>1,509</u>
Theater				
Personnel Services	-	-	-	-
Material and Supplies	-	-	-	-
Other Services and Charges	2,200	2,200	2,269	(69)
Total Theater	<u>2,200</u>	<u>2,200</u>	<u>2,269</u>	<u>(69)</u>

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

CITY OF CORNING
GENERAL FUND

Exhibit A-3
(Continued)

Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation				
Personnel Services	145,764	145,764	204,561	(58,797)
Material and Supplies	51,200	51,200	47,400	3,800
Other Services and Charges	38,078	38,078	32,586	5,492
Total Parks and recreation	<u>235,042</u>	<u>235,042</u>	<u>284,547</u>	<u>(49,505)</u>
Economic Development				
Personnel Services	-	-	-	-
Material and Supplies	-	-	-	-
Other Services and Charges	21,500	21,500	27,000	(5,500)
Total Economic Development	<u>21,500</u>	<u>21,500</u>	<u>27,000</u>	<u>(5,500)</u>
Debt Service	283,100	283,100	283,348	(248)
Capital Outlay	-	-	-	-
Operating Transfer Out	-	-	-	-
 Total Charges to Appropriations	 <u>4,766,536</u>	 <u>4,766,536</u>	 <u>4,479,049</u>	 <u>287,487</u>
 Excess (Deficiency) of Resources Over Appropriations	 \$ <u>89,974</u>	 <u>89,974</u>	 \$ <u>1,032,515</u>	 \$ <u>942,541</u>

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2017

	Animal Control Officer Replacement Fund (Fund 072)	Business License ADA (Fund 080)	Rural Planning Fund (Fund 105)
ASSETS			
Cash and Cash Equivalents	\$ 1,458	\$ 1,477	\$ 4,389
Intergovernmental Receivable	-	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,458</u>	<u>\$ 1,477</u>	<u>\$ 4,389</u>
LIABILITIES			
Accounts Payable	\$ 70	\$ -	\$ 290
Contract Retentions	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>70</u>	<u>-</u>	<u>290</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>70</u>	<u>-</u>	<u>290</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,388</u>	<u>1,477</u>	<u>4,099</u>
Total Fund Balance (Deficit)	<u>1,388</u>	<u>1,477</u>	<u>4,099</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,458</u>	<u>\$ 1,477</u>	<u>\$ 4,389</u>

(Continued)

Exhibit B-1

Federal TEA Fund (Fund 108)	Special Gas Tax Improvement #2105 Fund (Fund 109)	Special Gas Tax Improvement #2106 Fund (Fund 110)	Special Gas Tax Improvement #2107 Fund (Fund 111)	Subtotal (Carried forward to next page)
\$ 39,584	\$ 99,969	\$ 73,690	\$ 100,289	\$ 320,856
50,777	-	-	-	50,777
-	-	-	-	-
-	-	-	-	-
<u>90,361</u>	<u>99,969</u>	<u>73,690</u>	<u>100,289</u>	<u>371,633</u>
\$ 1,039	\$ 565	\$ 400	\$ 704	\$ 3,068
-	-	-	-	-
-	-	-	-	-
<u>1,039</u>	<u>565</u>	<u>400</u>	<u>704</u>	<u>3,068</u>
-	-	-	-	-
<u>1,039</u>	<u>565</u>	<u>400</u>	<u>704</u>	<u>3,068</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>89,322</u>	<u>99,404</u>	<u>73,290</u>	<u>99,585</u>	<u>368,565</u>
<u>89,322</u>	<u>99,404</u>	<u>73,290</u>	<u>99,585</u>	<u>368,565</u>
\$ <u>90,361</u>	\$ <u>99,969</u>	\$ <u>73,690</u>	\$ <u>100,289</u>	\$ <u>371,633</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2017

	<u>Subtotal (Brought forward)</u>	<u>Special Gas Tax Improvement #2107.5 Fund (Fund 112)</u>	<u>Local Transportation Fund (Fund 114)</u>
ASSETS			
Cash and Cash Equivalents	\$ 320,856	\$ 4,460	\$ 256,732
Intergovernmental Receivable	50,777	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>371,633</u>	\$ <u>4,460</u>	\$ <u>256,732</u>
LIABILITIES			
Accounts Payable	\$ 3,068	\$ -	\$ 1,979
Contract Retentions	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,068</u>	<u>-</u>	<u>1,979</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,068</u>	<u>-</u>	<u>1,979</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>368,565</u>	<u>4,460</u>	<u>254,753</u>
Total Fund Balance (Deficit)	<u>368,565</u>	<u>4,460</u>	<u>254,753</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>371,633</u>	\$ <u>4,460</u>	\$ <u>256,732</u>

(Continued)

**Exhibit B-1
(Continued)**

<u>Special Gas Tax Improvement # 2103 Fund (Fund 115)</u>	<u>Traffic Mitigation Fund (Fund 116)</u>	<u>Safe Route To School (Fund 118)</u>	<u>CDBG Streets (Fund 119)</u>	<u>Subtotal (Carried forward to next page)</u>
\$ 149,933	\$ 155,826	\$ 1,967	\$ -	\$ 889,774
-	-	-	-	50,777
-	-	-	-	-
-	-	-	-	-
<u>149,933</u>	<u>155,826</u>	<u>1,967</u>	<u>-</u>	<u>940,551</u>
\$ 700	\$ -	\$ -	\$ -	\$ 5,747
-	-	-	-	-
-	-	-	-	-
<u>700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,747</u>
-	-	-	-	-
<u>700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,747</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>149,233</u>	<u>155,826</u>	<u>1,967</u>	<u>-</u>	<u>934,804</u>
<u>149,233</u>	<u>155,826</u>	<u>1,967</u>	<u>-</u>	<u>934,804</u>
<u>\$ 149,933</u>	<u>\$ 155,826</u>	<u>\$ 1,967</u>	<u>\$ -</u>	<u>\$ 940,551</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2017

	<u>Subtotal (Brought forward)</u>	<u>Pedestrian Transportation Grant (Fund 145)</u>	<u>Flood Mitigation FEMA (Fund 152)</u>
ASSETS			
Cash and Cash Equivalents	\$ 889,774	\$ -	\$ -
Intergovernmental Receivable	50,777	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>940,551</u>	\$ <u>-</u>	\$ <u>-</u>
LIABILITIES			
Accounts Payable	\$ 5,747	\$ -	\$ -
Contract Retentions	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,747</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,747</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>934,804</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>934,804</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>940,551</u>	\$ <u>-</u>	\$ <u>-</u>

(Continued)

**Exhibit B-1
(Continued)**

<u>BCJI Program (Fund 166)</u>	<u>Homeland Security (Fund 189)</u>	<u>BSCC Grant (Fund 190,191)</u>	<u>General Plan Update (Fund 302)</u>	<u>Subtotal (Carried forward to next page)</u>
\$ -	\$ 14,532	\$ 22,457	\$ -	\$ 926,763
67,587	-	10,000	-	128,364
-	-	-	-	-
-	-	-	-	-
<u>67,587</u>	<u>14,532</u>	<u>32,457</u>	<u>-</u>	<u>1,055,127</u>
\$ 23	\$ -	\$ -	\$ -	\$ 5,770
-	-	-	-	-
<u>152,330</u>	<u>-</u>	<u>-</u>	<u>579</u>	<u>152,909</u>
<u>152,353</u>	<u>-</u>	<u>-</u>	<u>579</u>	<u>158,679</u>
-	-	-	-	-
<u>152,353</u>	<u>-</u>	<u>-</u>	<u>579</u>	<u>158,679</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(84,766)</u>	<u>14,532</u>	<u>32,457</u>	<u>(579)</u>	<u>896,448</u>
<u>(84,766)</u>	<u>14,532</u>	<u>32,457</u>	<u>(579)</u>	<u>896,448</u>
<u>67,587</u>	<u>14,532</u>	<u>32,457</u>	<u>-</u>	<u>1,055,127</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2017

	Subtotal (Brought forward)	2013 Home Loan Fund (Fund 320, 828)	SALDO Home Loan Fund (Fund 321, 825)
ASSETS			
Cash and Cash Equivalents	\$ 926,763	\$ -	\$ -
Intergovernmental Receivable	128,364	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>-</u>	<u>110,612</u>	<u>3,900,000</u>
Total Assets	\$ <u>1,055,127</u>	\$ <u>110,612</u>	\$ <u>3,900,000</u>
LIABILITIES			
Accounts Payable	\$ 5,770	\$ -	\$ -
Contract Retentions	-	-	-
Due to Other Funds	<u>152,909</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>158,679</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>-</u>	<u>110,612</u>	<u>3,900,000</u>
Total Liabilities and Deferred Inflows of Resources	<u>158,679</u>	<u>110,612</u>	<u>3,900,000</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>896,448</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>896,448</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>1,055,127</u>	\$ <u>110,612</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 325,826)</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>
\$ 41,366	\$ 8,047	\$ 43,902	\$ -	\$ 1,020,078
-	-	-	-	128,364
-	-	-	-	-
<u>56,262</u>	<u>47,676</u>	<u>67,322</u>	<u>-</u>	<u>4,181,872</u>
<u>\$ 97,628</u>	<u>\$ 55,723</u>	<u>\$ 111,224</u>	<u>\$ -</u>	<u>\$ 5,330,314</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,770
-	-	-	-	-
-	-	-	1,820	154,729
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,820</u>	<u>160,499</u>
<u>56,262</u>	<u>47,676</u>	<u>67,322</u>	<u>-</u>	<u>4,181,872</u>
<u>56,262</u>	<u>47,676</u>	<u>67,322</u>	<u>1,820</u>	<u>4,342,371</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>41,366</u>	<u>8,047</u>	<u>43,902</u>	<u>(1,820)</u>	<u>987,943</u>
<u>41,366</u>	<u>8,047</u>	<u>43,902</u>	<u>(1,820)</u>	<u>987,943</u>
<u>\$ 97,628</u>	<u>\$ 55,723</u>	<u>\$ 111,224</u>	<u>\$ -</u>	<u>\$ 5,330,314</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2017

	Subtotal (Brought forward)	SALADO Wall Fund (Fund 344)	Drainage Fund (Fund 345)
ASSETS			
Cash and Cash Equivalents	\$ 1,020,078	\$ 92,670	\$ 91,047
Intergovernmental Receivable	128,364	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>4,181,872</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,330,314</u>	<u>\$ 92,670</u>	<u>\$ 91,047</u>
LIABILITIES			
Accounts Payable	\$ 5,770	\$ -	\$ -
Contract Retentions	-	-	-
Due to Other Funds	<u>154,729</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>160,499</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>4,181,872</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,342,371</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>987,943</u>	<u>92,670</u>	<u>91,047</u>
Total Fund Balance (Deficit)	<u>987,943</u>	<u>92,670</u>	<u>91,047</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,330,314</u>	<u>\$ 92,670</u>	<u>\$ 91,047</u>

(Continued)

**Exhibit B-1
(Continued)**

Parks/Rec Revolving Fund (Fund 352)	Park Recycling Grant Fund (Fund 353)	Trail Development Fund (Fund 356)	Curbs and Gutter Fund (Fund 365)	Subtotal (Carried forward to next page)
\$ -	\$ 5,044	\$ 5,900	\$ 481	\$ 1,215,220
-	-	-	-	128,364
-	-	-	-	-
-	-	-	-	4,181,872
<u>\$ -</u>	<u>\$ 5,044</u>	<u>\$ 5,900</u>	<u>\$ 481</u>	<u>\$ 5,525,456</u>
\$ 190	\$ -	\$ -	\$ -	\$ 5,960
-	-	-	-	-
630	-	-	-	155,359
<u>820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,319</u>
-	-	-	-	4,181,872
820	-	-	-	4,343,191
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(820)</u>	<u>5,044</u>	<u>5,900</u>	<u>481</u>	<u>1,182,265</u>
<u>(820)</u>	<u>5,044</u>	<u>5,900</u>	<u>481</u>	<u>1,182,265</u>
\$ -	\$ 5,044	\$ 5,900	\$ 481	\$ -
<u>\$ -</u>	<u>\$ 5,044</u>	<u>\$ 5,900</u>	<u>\$ 481</u>	<u>\$ 5,525,456</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2017

	<u>Subtotal (Brought forward)</u>	<u>Wayfinding Maintenance Fund (Fund 370)</u>	<u>Lighting & Landscape Fund (Fund 701)</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,215,220	\$ 1,212	\$ 672
Intergovernmental Receivable	128,364	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>4,181,872</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>5,525,456</u>	\$ <u>1,212</u>	\$ <u>672</u>
LIABILITIES			
Accounts Payable	\$ 5,960	\$ -	\$ 67
Contract Retentions	-	-	-
Due to Other Funds	<u>155,359</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>161,319</u>	<u>-</u>	<u>67</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>4,181,872</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,343,191</u>	<u>-</u>	<u>67</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,182,265</u>	<u>1,212</u>	<u>605</u>
Total Fund Balance (Deficit)	<u>1,182,265</u>	<u>1,212</u>	<u>605</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>5,525,456</u>	\$ <u>1,212</u>	\$ <u>672</u>

**Exhibit B-1
(Continued)**

<u>Lighting & Landscape Fund (Fund 702)</u>	<u>Lighting & Landscape Fund (Fund 703)</u>	<u>Lighting & Landscape Fund (Fund 704)</u>	<u>Total</u>
\$ 6,754	\$ 27,878	\$ 5,109	\$ 1,256,845
-	-	-	128,364
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,181,872</u>
<u>\$ 6,754</u>	<u>\$ 27,878</u>	<u>\$ 5,109</u>	<u>\$ 5,567,081</u>
\$ 74	\$ 70	\$ 182	\$ 6,353
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>155,359</u>
<u>74</u>	<u>70</u>	<u>182</u>	<u>161,712</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,181,872</u>
<u>74</u>	<u>70</u>	<u>182</u>	<u>4,343,584</u>
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,680</u>	<u>27,808</u>	<u>4,927</u>	<u>1,223,497</u>
<u>6,680</u>	<u>27,808</u>	<u>4,927</u>	<u>1,223,497</u>
<u>\$ 6,754</u>	<u>\$ 27,878</u>	<u>\$ 5,109</u>	<u>\$ 5,567,081</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, 2017**

	Animal Control Officer Replacement Fund (Fund 072)	Business License ADA (Fund 080)	Rural Planning Fund (Fund 105)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Interest	5	-	21
Other Revenues	<u>1,030</u>	<u>473</u>	<u>-</u>
Total revenues	<u>1,035</u>	<u>473</u>	<u>21</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	<u>910</u>	<u>59</u>	<u>6,618</u>
Total General Government	<u>910</u>	<u>59</u>	<u>6,618</u>
Public Safety and Judiciary:			
Police	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	<u>-</u>	<u>-</u>	<u>-</u>
Total Transportation	<u>-</u>	<u>-</u>	<u>-</u>
Cultural, Parks and Recreation			
Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:			
Economic Development	<u>-</u>	<u>-</u>	<u>-</u>
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay			
Total Expenditures	<u>910</u>	<u>59</u>	<u>6,618</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>125</u>	<u>414</u>	<u>(6,597)</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	125	414	(6,597)
Fund Balances-Beginning of Year	<u>1,263</u>	<u>1,063</u>	<u>10,696</u>
Residual Equity Transfers In / Out	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending of Year	<u>\$ 1,388</u>	<u>\$ 1,477</u>	<u>\$ 4,099</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)
\$ 53,269	\$ 43,058	\$ 31,432	\$ 54,590	\$ 182,349
204	297	212	267	1,006
-	-	583	-	2,086
<u>53,473</u>	<u>43,355</u>	<u>32,227</u>	<u>54,857</u>	<u>185,441</u>
-	-	-	-	7,587
-	-	-	-	7,587
-	-	-	-	-
-	-	-	-	-
34,960	30,228	21,152	32,210	118,550
<u>34,960</u>	<u>30,228</u>	<u>21,152</u>	<u>32,210</u>	<u>118,550</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
72,877	42,311	20,428	34,164	169,780
<u>107,837</u>	<u>72,539</u>	<u>41,580</u>	<u>66,374</u>	<u>295,917</u>
(54,364)	(29,184)	(9,353)	(11,517)	(110,476)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(54,364)	(29,184)	(9,353)	(11,517)	(110,476)
143,686	128,588	82,643	111,102	479,041
-	-	-	-	-
\$ <u>89,322</u>	\$ <u>99,404</u>	\$ <u>73,290</u>	\$ <u>99,585</u>	\$ <u>368,565</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, 2017**

	Subtotal (Brought forward)	Special Gas Tax Improvement #2107.5 Fund (Fund 112)	Local Transportation Fund (Fund 114)
REVENUES:			
Intergovernmental Revenues	\$ 182,349	\$ 2,000	\$ 117,308
Interest	1,006	16	168
Other Revenues	2,086	-	3,927
Total revenues	<u>185,441</u>	<u>2,016</u>	<u>121,403</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	7,587	-	2,166
Total General Government	<u>7,587</u>	<u>-</u>	<u>2,166</u>
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	118,550	1,430	29,043
Total Transportation	<u>118,550</u>	<u>1,430</u>	<u>29,043</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			
Capital Outlay	169,780	-	-
Total Expenditures	<u>295,917</u>	<u>1,430</u>	<u>31,209</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(110,476)</u>	<u>586</u>	<u>90,194</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(110,476)	586	90,194
Fund Balances-Beginning of Year	479,041	3,874	164,559
Residual Equity Transfers In / Out	-	-	-
Fund Balances-Ending of Year	<u>\$ 368,565</u>	<u>\$ 4,460</u>	<u>\$ 254,753</u>

(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)
\$ 20,453	\$ 15,729	\$ -	\$ -	\$ 337,839
446	424	-	-	2,060
4,153	-	-	-	10,166
<u>25,052</u>	<u>16,153</u>	<u>-</u>	<u>-</u>	<u>350,065</u>
-	-	-	-	9,753
-	-	-	-	9,753
-	-	-	-	-
-	-	-	-	-
28,744	865	-	-	178,632
<u>28,744</u>	<u>865</u>	<u>-</u>	<u>-</u>	<u>178,632</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	169,780
28,744	865	-	-	358,165
(3,692)	15,288	-	-	(8,100)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(3,692)	15,288	-	-	(8,100)
152,925	140,538	1,967	-	942,904
-	-	-	-	-
\$ <u>149,233</u>	\$ <u>155,826</u>	\$ <u>1,967</u>	\$ <u>-</u>	\$ <u>934,804</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, 2017**

	Subtotal (Brought forward)	Pedestrian Transportation Grant (Fund 145)	Flood Mitigation FEMA (Fund 152)
REVENUES:			
Intergovernmental Revenues	\$ 337,839	\$ -	\$ -
Interest	2,060	27	-
Other Revenues	10,166	-	-
Total revenues	<u>350,065</u>	<u>27</u>	<u>-</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	9,753	-	-
Total General Government	<u>9,753</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	178,632	-	-
Total Transportation	<u>178,632</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	169,780	-	-
Total Expenditures	<u>358,165</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,100)</u>	<u>27</u>	<u>-</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(8,100)	27	-
Fund Balances-Beginning of Year	942,904	154,935	709
Residual Equity Transfers In / Out	-	(154,962)	(709)
Fund Balances-Ending of Year	<u>\$ 934,804</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Exhibit B-2
(Continued)

BCJI Program (Fund 166)	Homeland Security (Fund 189)	BSCC Grant (Fund 190,191)	General Plan Update (Fund 302)	Subtotal (Carried forward to next page)
\$ 301,180	\$ 14,500	\$ 32,717	\$ -	\$ 686,236
-	32	16	-	2,135
-	-	-	-	10,166
<u>301,180</u>	<u>14,532</u>	<u>32,733</u>	<u>-</u>	<u>698,537</u>
-	-	-	-	9,753
-	-	-	-	9,753
375,363	-	276	-	375,639
<u>375,363</u>	<u>-</u>	<u>276</u>	<u>-</u>	<u>375,639</u>
-	-	-	-	178,632
-	-	-	-	178,632
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	169,780
<u>375,363</u>	<u>-</u>	<u>276</u>	<u>-</u>	<u>733,804</u>
(74,183)	14,532	32,457	-	(35,267)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(74,183)</u>	<u>14,532</u>	<u>32,457</u>	<u>-</u>	<u>(35,267)</u>
(10,583)	-	-	(579)	1,087,386
-	-	-	-	(155,671)
<u>\$ (84,766)</u>	<u>\$ 14,532</u>	<u>\$ 32,457</u>	<u>\$ (579)</u>	<u>\$ 896,448</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, 2017**

	Subtotal (Brought forward)	2013 Home Loan Fund (Fund 320)	CDBG Program Inc. Unrestricted (Fund 323, 820)
REVENUES:			
Intergovernmental Revenues	\$ 686,236	\$ -	\$ -
Interest	2,135	-	6
Other Revenues	10,166	-	13,287
Total revenues	<u>698,537</u>	<u>-</u>	<u>13,293</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	9,753	-	-
Total General Government	<u>9,753</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	375,639	-	-
Total Public Safety and Judiciary	<u>375,639</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	178,632	-	-
Total Transportation	<u>178,632</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			
Capital Outlay	169,780	-	-
Total Expenditures	<u>733,804</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,267)</u>	<u>-</u>	<u>13,293</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(35,267)	-	13,293
Fund Balances-Beginning of Year	<u>1,087,386</u>	<u>(10,838)</u>	<u>28,073</u>
Residual Equity Transfers In / Out	<u>(155,671)</u>	<u>10,838</u>	<u>-</u>
Fund Balances-Ending of Year	<u>\$ 896,448</u>	<u>\$ -</u>	<u>\$ 41,366</u>

(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)
\$ -	\$ 42,072	\$ 118,531	\$ -	\$ 846,839
21	127	-	268	2,557
2,463	-	-	-	25,916
<u>2,484</u>	<u>42,199</u>	<u>118,531</u>	<u>268</u>	<u>875,312</u>
-	-	-	-	9,753
-	-	-	-	9,753
-	-	-	-	375,639
-	-	-	-	375,639
-	-	-	-	178,632
-	-	-	-	178,632
-	-	-	-	-
-	-	-	-	-
-	-	11,487	-	11,487
-	-	11,487	-	11,487
-	-	97,151	-	266,931
-	-	108,638	-	842,442
<u>2,484</u>	<u>42,199</u>	<u>9,893</u>	<u>268</u>	<u>32,870</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,484	42,199	9,893	268	32,870
<u>5,563</u>	<u>1,703</u>	<u>(875)</u>	<u>92,402</u>	<u>1,203,414</u>
-	-	(10,838)	-	(155,671)
\$ <u>8,047</u>	\$ <u>43,902</u>	\$ <u>(1,820)</u>	\$ <u>92,670</u>	\$ <u>1,080,613</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, 2017**

	<u>Subtotal (Brought forward)</u>	<u>Drainage Fund (Fund 345)</u>	<u>Parks/Rec Revolving Fund (Fund 352)</u>
REVENUES:			
Intergovernmental Revenues	\$ 846,839	\$ 3,642	\$ -
Interest	2,557	256	-
Other Revenues	<u>25,916</u>	<u>-</u>	<u>180</u>
Total revenues	<u>875,312</u>	<u>3,898</u>	<u>180</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	<u>9,753</u>	<u>-</u>	<u>-</u>
Total General Government	<u>9,753</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	<u>375,639</u>	<u>-</u>	<u>-</u>
Total Public Safety and Judiciary	<u>375,639</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	<u>178,632</u>	<u>6,630</u>	<u>-</u>
Total Transportation	<u>178,632</u>	<u>6,630</u>	<u>-</u>
Cultural, Parks and Recreation			
Parks and Recreation	<u>-</u>	<u>-</u>	<u>2,253</u>
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>2,253</u>
Community/Economic Development:			
Economic Development	<u>11,487</u>	<u>-</u>	<u>-</u>
Total Community/Economic Development	<u>11,487</u>	<u>-</u>	<u>-</u>
Capital Outlay			
Total Expenditures	<u>842,442</u>	<u>6,630</u>	<u>2,253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>32,870</u>	<u>(2,732)</u>	<u>(2,073)</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	32,870	(2,732)	(2,073)
Fund Balances-Beginning of Year	<u>1,203,414</u>	<u>93,779</u>	<u>1,253</u>
Residual Equity Transfers In / Out	<u>(155,671)</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending of Year	<u>\$ 1,080,613</u>	<u>\$ 91,047</u>	<u>\$ (820)</u>

(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)
\$ -	\$ -	\$ -	\$ -	\$ 850,481
15	17	-	4	2,849
-	-	-	-	26,096
<u>15</u>	<u>17</u>	<u>-</u>	<u>4</u>	<u>879,426</u>
-	-	-	-	9,753
-	-	-	-	9,753
-	-	-	-	375,639
-	-	-	-	375,639
-	-	-	-	185,262
-	-	-	-	185,262
-	-	-	-	2,253
-	-	-	-	2,253
-	-	-	-	11,487
-	-	-	-	11,487
-	-	-	-	266,931
-	-	-	-	851,325
15	17	-	4	28,101
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
15	17	-	4	28,101
5,029	5,883	481	1,208	1,311,047
-	-	-	-	(155,671)
\$ <u>5,044</u>	\$ <u>5,900</u>	\$ <u>481</u>	\$ <u>1,212</u>	\$ <u>1,183,477</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, 2017**

	<u>Subtotal (Brought forward)</u>	<u>Lighting & Landscape Fund (Fund 701)</u>	<u>Lighting & Landscape Fund (Fund 702)</u>
REVENUES:			
Intergovernmental Revenues	\$ 850,481	\$ -	\$ -
Interest	2,849	1	7
Other Revenues	<u>26,096</u>	<u>883</u>	<u>7,280</u>
Total revenues	<u>879,426</u>	<u>884</u>	<u>7,287</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	<u>9,753</u>	<u>-</u>	<u>-</u>
Total General Government	<u>9,753</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	<u>375,639</u>	<u>-</u>	<u>-</u>
Total Public Safety and Judiciary	<u>375,639</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	<u>185,262</u>	<u>832</u>	<u>433</u>
Total Transportation	<u>185,262</u>	<u>832</u>	<u>433</u>
Cultural, Parks and Recreation			
Parks and Recreation	<u>2,253</u>	<u>-</u>	<u>-</u>
Total Cultural, Parks and Recreation	<u>2,253</u>	<u>-</u>	<u>-</u>
Community/Economic Development:			
Economic Development	<u>11,487</u>	<u>-</u>	<u>-</u>
Total Community/Economic Development	<u>11,487</u>	<u>-</u>	<u>-</u>
Capital Outlay			
Total Expenditures	<u>851,325</u>	<u>832</u>	<u>433</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>28,101</u>	<u>52</u>	<u>6,854</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	28,101	52	6,854
Fund Balances-Beginning of Year	<u>1,311,047</u>	<u>553</u>	<u>(174)</u>
Residual Equity Transfers In / Out	<u>(155,671)</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending of Year	<u>\$ 1,183,477</u>	<u>\$ 605</u>	<u>\$ 6,680</u>

(Continued)

Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Totals
\$ -	\$ -	\$ 850,481
75	12	2,944
<u>4,263</u>	<u>4,773</u>	<u>43,295</u>
<u>4,338</u>	<u>4,785</u>	<u>896,720</u>
-	-	9,753
-	-	<u>9,753</u>
-	-	375,639
-	-	<u>375,639</u>
<u>1,773</u>	<u>4,616</u>	192,916
<u>1,773</u>	<u>4,616</u>	<u>192,916</u>
-	-	2,253
-	-	<u>2,253</u>
-	-	11,487
-	-	<u>11,487</u>
-	-	266,931
<u>1,773</u>	<u>4,616</u>	<u>858,979</u>
<u>2,565</u>	<u>169</u>	<u>37,741</u>
-	-	-
-	-	-
-	-	-
<u>2,565</u>	<u>169</u>	<u>37,741</u>
<u>25,243</u>	<u>4,758</u>	1,341,427
-	-	<u>(155,671)</u>
\$ <u><u>27,808</u></u>	\$ <u><u>4,927</u></u>	\$ <u><u>1,223,497</u></u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes In Fund Balance (Deficit) - Budget And Actual
Year Ended June 30, 2017

ACO Replacement Fund (Fund 72)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Interest	-	5	5
Other Revenues	3,000	1,030	(1,970)
Total revenues	3,000	1,035	(1,965)
EXPENDITURES:			
Current:			
General Government:			
General Government	3,000	910	2,090
Total General Government	3,000	910	2,090
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	3,000	910	2,090
Excess of Revenues Over (Under) Expenditures	-	125	125
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	\$ -	125	\$ 125
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		1,263	
Prior Period Adjustment		-	
As Restated		1,263	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 1,388	

(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)	-	21	21
-	473	473	-	-	-
100	473	373	21,000	21	(20,979)
200	59	141	12,000	6,618	5,382
200	59	141	12,000	6,618	5,382
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
200	59	141	12,000	6,618	5,382
(100)	414	514	9,000	(6,597)	(15,597)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (100)	414	\$ 514	\$ 9,000	(6,597)	\$ (15,597)
	1,063			10,696	
	-			-	
	1,063			10,696	
	-			-	
\$	1,477		\$	4,099	

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, 2017

Federal TEA Fund (Fund 108)		
Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:		
Intergovernmental Revenues	\$ 53,100	\$ 53,269
Interest	-	204
Other Revenues	-	-
Total revenues	53,100	53,473
EXPENDITURES:		
Current:		
General Government:		
General Government	-	-
Total General Government	-	-
Public Safety and Judiciary:		
Legal Services	-	-
Police	-	-
Fire	-	-
Total Public Safety and Judiciary	-	-
Transportation:		
Streets	53,000	34,960
Total Transportation	53,000	34,960
Cultural, Parks and Recreation		
Parks and Recreation	-	-
Total Cultural, Parks and Recreation	-	-
Community/Economic Development:		
Economic Development	-	-
Total Community/Economic Development	-	-
Capital Outlay	93,415	72,877
Total Expenditures	146,415	107,837
Excess of Revenues Over (Under) Expenditures	(93,315)	(54,364)
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	\$ (93,315)	\$ (54,364)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		143,686
Prior Period Adjustment		-
As Restated		143,686
Residual Equity Transfers In / Out		-
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 89,322

(Continued)

Exhibit B-3
(Continued)

Special Gas Tax Improvement #2105 (Fund 109)			Special Gas Tax 2106 (Fund 110)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 47,900	\$ 43,058	\$ (4,842)	\$ 28,000	\$ 31,432	\$ 3,432
100	297	197	100	212	112
-	-	-	-	583	583
48,000	43,355	(4,645)	28,100	32,227	4,127
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
75,347	30,228	45,119	42,439	21,152	21,287
75,347	30,228	45,119	42,439	21,152	21,287
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
50,000	42,311	7,689	25,000	20,428	4,572
125,347	72,539	52,808	67,439	41,580	25,859
(77,347)	(29,184)	48,163	(39,339)	(9,353)	29,986
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (77,347)	(29,184)	\$ 48,163	\$ (39,339)	(9,353)	\$ 29,986
	128,588			82,643	
	-			-	
	128,588			82,643	
	-			-	
	\$ 99,404			\$ 73,290	

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, 2017

Special Gas Tax 2107 (Fund 111)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ 66,500	\$ 54,590	\$ (11,910)
Interest	100	267	167
Other Revenues	-	-	-
Total revenues	66,600	54,857	(11,743)
EXPENDITURES:			
Current:			
General Government:			
General Government	-	-	-
Total General Government	-	-	-
Public Safety and Judiciary:			
Legal Services	-	-	-
Police	-	-	-
Fire	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Streets	78,260	32,210	46,050
Total Transportation	78,260	32,210	46,050
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	34,164	5,836
Total Expenditures	118,260	66,374	51,886
Excess of Revenues Over (Under) Expenditures	(51,660)	(11,517)	40,143
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	\$ (51,660)	(11,517)	\$ 40,143
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		111,102	
Prior Period Adjustment		-	
As Restated		111,102	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 99,585	

(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	\$ -	\$ 104,900	\$ 117,308	\$ 12,408
-	16	16	-	168	168
-	-	-	-	3,927	3,927
2,000	2,016	16	104,900	121,403	16,503
-	-	-	-	2,166	(2,166)
-	-	-	-	2,166	(2,166)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	1,430	570	71,000	29,043	41,957
2,000	1,430	570	71,000	29,043	41,957
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	53,200	-	53,200
2,000	1,430	570	124,200	31,209	92,991
-	586	586	(19,300)	90,194	109,494
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 586	\$ 586	\$ (19,300)	\$ 90,194	\$ 109,494
	3,874			164,559	
	-			-	
	3,874			164,559	
	-			-	
\$	4,460		\$	254,753	

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, 2017

Special Gas Tax Improvement #2103 (Fund 115)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ 18,000	\$ 20,453	\$ 2,453
Interest	100	446	346
Other Revenues	-	4,153	4,153
Total revenues	18,100	25,052	6,952
EXPENDITURES:			
Current:			
General Government:			
General Government	-	-	-
Total General Government	-	-	-
Public Safety and Judiciary:			
Legal Services	-	-	-
Police	-	-	-
Fire	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Streets	50,700	28,744	21,956
Total Transportation	50,700	28,744	21,956
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	-	-	-
Capital Outlay	14,000	-	14,000
Total Expenditures	64,700	28,744	35,956
Excess of Revenues Over (Under) Expenditures	(46,600)	(3,692)	42,908
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	\$ (46,600)	(3,692)	\$ 42,908
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		152,925	
Prior Period Adjustment		-	
As Restated		152,925	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 149,233	

(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	\$ 15,729	\$ 10,729	\$ -	\$ -	\$ -
-	424	424	-	-	-
-	-	-	-	-	-
5,000	16,153	11,153	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,000	865	135	-	-	-
1,000	865	135	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,000	865	135	-	-	-
4,000	15,288	11,288	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 4,000	15,288	\$ 11,288	\$ -	-	\$ -
	140,538			1,967	
	-			-	
	140,538			1,967	
	-			-	
\$	155,826		\$	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, 2017

Pedestrian Transportation Grant Fund (Fund 145)		
Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:		
Intergovernmental Revenues	\$ -	\$ -
Interest	-	27
Other Revenues	-	-
Total revenues	-	27
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	-	27
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	\$ -	\$ 27
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR	154,935	
Prior Period Adjustment	-	
As Restated	154,935	
Residual Equity Transfers In / Out	(154,962)	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$ -	

(Continued)

**Exhibit B-3
(Continued)**

Flood Mitigation FEMA (Fund 152)			BCJI Program Fund (Fund 166)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 454,800	\$ 301,180	\$ (153,620)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	454,800	301,180	(153,620)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	461,608	375,363	86,245
-	-	-	-	-	-
-	-	-	461,608	375,363	86,245
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	461,608	375,363	86,245
-	-	-	(6,808)	(74,183)	(67,375)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ (6,808)	\$ (74,183)	\$ (67,375)
	709			(10,583)	
	-			-	
	709			(10,583)	
	(709)			-	
\$ -	-		\$ (84,766)		

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, 2017

Homeland Security Grant (Fund 189)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ 14,500	\$ 14,500
Interest	-	32	32
Other Revenues	-	-	-
Total revenues	-	14,532	14,532
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	-	14,532	14,532
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	\$ -	14,532	\$ 14,532
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR			-
Prior Period Adjustment			-
As Restated			-
Residual Equity Transfers In / Out			-
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 14,532	

(Continued)

Exhibit B-3
(Continued)

BSCC Grant (Funds 190,191)			General Plan Update Fund (Fund 302)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 32,717	\$ 32,717	\$ -	\$ -	\$ -
-	16	16	-	-	-
-	-	-	-	-	-
-	32,733	32,733	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	276	(276)	-	-	-
-	-	-	-	-	-
-	276	(276)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	276	(276)	-	-	-
-	32,457	32,457	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 32,457	\$ 32,457	\$ -	\$ -	\$ -
	-			(579)	
	-			-	
	-			(579)	
	-			-	
\$	32,457		\$	(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, 2017

2013 Home Loan Fund (Fund 320)			
	Budget	Actual	Variance Favorable (Unfavorable)
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		(10,838)	
Prior Period Adjustment		-	
As Restated		(10,838)	
Residual Equity Transfers In / Out		10,838	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ -	

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)
\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ (2,500)
-	6	6	500	21	(479)
10,000	13,287	3,287	3,500	2,463	(1,037)
10,000	13,293	3,293	6,500	2,484	(4,016)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,000	-	4,000
-	-	-	4,000	-	4,000
-	-	-	-	-	-
-	-	-	4,000	-	4,000
10,000	13,293	3,293	2,500	2,484	(16)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 10,000	\$ 13,293	\$ 3,293	\$ 2,500	\$ 2,484	\$ (16)
	28,073			5,563	
	-			-	
	28,073			5,563	
	-			-	
\$	\$ 41,366		\$	\$ 8,047	

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, 2017

CDBG Housing Reuse (Fund 326, 821, 822)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ 42,072	\$ 42,072
Interest	500	127	(373)
Other Revenues	-	-	-
Total revenues	500	42,199	41,699
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	500	42,199	41,699
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Over)	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 500	42,199	\$ 41,699
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		1,703	
Prior Period Adjustment		-	
As Restated		1,703	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 43,902	

(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)
\$ 500,000	\$ 118,531	\$ (381,469)	\$ -	\$ -	\$ -
-	-	-	200	268	68
-	-	-	-	-	-
500,000	118,531	(381,469)	200	268	68
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,500	11,487	1,013	-	-	-
12,500	11,487	1,013	-	-	-
487,500	97,151	390,349	-	-	-
500,000	108,638	391,362	-	-	-
-	9,893	9,893	200	268	68
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 9,893	\$ 9,893	\$ 200	\$ 268	\$ 68
	(875)			92,402	
	-			-	
	(875)			92,402	
	(10,838)			-	
\$	(1,820)		\$	92,670	

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, 2017

Drainage Fund (Fund 345)		
Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:		
Intergovernmental Revenues	\$ 10,000	\$ 3,642
Interest	1,000	256
Other Revenues	-	-
Total revenues	11,000	3,898
EXPENDITURES:		
Current:		
General Government:		
General Government	-	-
Total General Government	-	-
Public Safety and Judiciary:		
Legal Services	-	-
Police	-	-
Fire	-	-
Total Public Safety and Judiciary	-	-
Transportation:		
Streets	-	6,630
Total Transportation	-	6,630
Cultural, Parks and Recreation		
Parks and Recreation	-	-
Total Cultural, Parks and Recreation	-	-
Community/Economic Development:		
Economic Development	-	-
Total Community/Economic Development	-	-
Capital Outlay	11,000	-
Total Expenditures	11,000	6,630
Excess of Revenues Over (Under) Expenditures	-	(2,732)
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	-	-
Operating Transfers Out	-	-
Total Other Financing Sources (Over)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (2,732)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		
Prior Period Adjustment	93,779	-
As Restated	-	93,779
Residual Equity Transfers In / Out	-	-
FUND BALANCE (DEFICIT), AT END OF YEAR	\$ 91,047	

Exhibit B-3
(Continued)

Parks/Rec Revolving Fund (Fund 352)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
500	180	(320)
500	180	(320)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,000	2,253	(253)
2,000	2,253	(253)
-	-	-
-	-	-
-	-	-
2,000	2,253	(253)
(1,500)	(2,073)	(573)
-	-	-
-	-	-
-	-	-
\$ (1,500)	(2,073)	\$ (573)
	1,253	
	-	
	1,253	
	-	
\$	(820)	

Park Recycling Grant (Fund 353)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	15	15
-	-	-
-	15	15
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
5,000	-	5,000
5,000	-	5,000
-	-	-
-	-	-
-	-	-
5,000	-	5,000
(5,000)	15	5,015
-	-	-
-	-	-
-	-	-
\$ (5,000)	15	\$ 5,015
	5,029	
	-	
	5,029	
	-	
\$	5,044	

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, 2017

Trail Development Fund (Fund 356)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Interest	-	17	17
Other Revenues	-	-	-
Total revenues	-	17	17
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	-	17	17
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	\$ -	17	\$ 17
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		5,883	
Prior Period Adjustment		-	
As Restated		5,883	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 5,900	

(Continued)

**Exhibit B-3
(Continued)**

Curbs and Gutter Fund (Fund 365)			Way Finding Fund (Fund 370)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	4	4
-	-	-	-	-	-
-	-	-	-	4	4
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,200	-	1,200
-	-	-	1,200	-	1,200
-	-	-	-	-	-
-	-	-	1,200	-	1,200
-	-	-	(1,200)	4	1,204
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ (1,200)	\$ 4	\$ 1,204
	481			1,208	
	-			-	
	481			1,208	
	-			-	
\$	481		\$	1,212	

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, 2017

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

(Continued)

Lighting & Landscape Fund (Fund 701)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	1	1
900	883	(17)
900	884	(16)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
950	832	118
950	832	118
-	-	-
-	-	-
-	-	-
-	-	-
950	832	118
(50)	52	102
-	-	-
-	-	-
-	-	-
\$ (50)	52	\$ 102
	553	
	-	
	553	
	-	
	\$ 605	

**Exhibit B-3
(Continued)**

Lighting & Landscape Fund (Fund 702)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	7	7
7,280	7,280	-
7,280	7,287	7
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,000	433	3,567
4,000	433	3,567
-	-	-
-	-	-
-	-	-
-	-	-
4,000	433	3,567
3,280	6,854	3,574
-	-	-
-	-	-
-	-	-
\$ 3,280	6,854	\$ 3,574
	(174)	
	-	
	(174)	
	-	
\$	6,680	

Lighting & Landscape Fund (Fund 703)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
100	75	(25)
2,900	4,263	1,363
3,000	4,338	1,338
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
7,200	1,773	5,427
7,200	1,773	5,427
-	-	-
-	-	-
-	-	-
-	-	-
7,200	1,773	5,427
(4,200)	2,565	6,765
-	-	-
-	-	-
-	-	-
\$ (4,200)	2,565	\$ 6,765
	25,243	
	-	
	25,243	
	-	
\$	27,808	

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, 2017

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 704)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
50	12	(38)
4,775	4,773	(2)
4,825	4,785	(40)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
6,400	4,616	1,784
6,400	4,616	1,784
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
6,400	4,616	1,784
(1,575)	169	1,744
-	-	-
-	-	-
-	-	-
\$ (1,575)	169	\$ 1,744
	4,758	
	-	
	4,758	
	-	
	\$ 4,927	

(Continued)

**Exhibit B-3
(Continued)**

Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,313,700	\$ 850,481	\$ (463,219)
2,850	2,944	94
32,855	43,295	10,440
1,349,405	896,720	(452,685)
15,200	9,753	5,447
15,200	9,753	5,447
-	-	-
461,608	375,639	85,969
-	-	-
461,608	375,639	85,969
392,296	192,916	199,380
392,296	192,916	199,380
7,000	2,253	4,747
7,000	2,253	4,747
17,700	11,487	6,213
17,700	11,487	6,213
774,115	266,931	507,184
1,667,919	858,979	808,940
(318,514)	37,741	356,255
-	-	-
-	-	-
-	-	-
\$ (318,514)	37,741	356,255
	-	
	1,341,427	
	-	
	1,341,427	
	(155,671)	
\$	1,223,497	

See accompanying notes to
the basic financial statements

CITY OF CORNING
CAPITAL PROJECTS FUNDS
Combining Balance Sheet
June 30, 2017

	Police Equipment Replacement Fund (Fund 071)	Police Equipment Replacement Fund (Fund 073)	Police K-9 Fund (Fund 074)	Fire Equipment Replacement Fund (Fund 076)
ASSETS				
Cash and Cash Equivalents	\$ 12,721	\$ 10,069	\$ 22,535	\$ 87,873
Intergovernmental Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Other Assets:				
Restricted Cash: Loan Repayment	-	-	-	-
Total assets	<u>\$ 12,721</u>	<u>\$ 10,069</u>	<u>\$ 22,535</u>	<u>\$ 87,873</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Other Current Liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Unassigned	<u>12,721</u>	<u>10,069</u>	<u>22,535</u>	<u>87,873</u>
Total Fund Balances	<u>12,721</u>	<u>10,069</u>	<u>22,535</u>	<u>87,873</u>
Total Liabilities and Fund Balances	<u>\$ 12,721</u>	<u>\$ 10,069</u>	<u>\$ 22,535</u>	<u>\$ 87,873</u>

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

Public Works Equipment Replacement Fund (Fund 078)	Park Acquisition Fund (Fund 341)	Bedroom Tax Fund (Fund 355)	Street Scape Fund (Fund 359)	Totals
\$ 48,045	\$ 103,305	\$ 21,186	\$ -	\$ 305,734
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 48,045</u>	<u>\$ 103,305</u>	<u>\$ 21,186</u>	<u>\$ -</u>	<u>\$ 305,734</u>
\$ -	\$ 345	\$ -	\$ -	\$ 345
-	-	-	176,640	176,640
-	-	-	-	-
-	345	-	176,640	176,985
<u>48,045</u>	<u>102,960</u>	<u>21,186</u>	<u>(176,640)</u>	<u>128,749</u>
<u>48,045</u>	<u>102,960</u>	<u>21,186</u>	<u>(176,640)</u>	<u>128,749</u>
<u>\$ 48,045</u>	<u>\$ 103,305</u>	<u>\$ 21,186</u>	<u>\$ -</u>	<u>\$ 305,734</u>

See accompanying notes to the basic financial statements.

**CITY OF CORNING
CAPITAL PROJECTS FUNDS**

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2017

	Police Equipment Replacement Fund (Fund 071)	Police Equipment Replacement Fund (Fund 073)	Police K-9 Fund (Fund 073)	Fire Equipment Replacement Fund (Fund 076)
REVENUES:				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	-	-
Interest	40	29	-	253
Other	1,890	-	22,561	5,325
Total Revenues	<u>1,930</u>	<u>29</u>	<u>22,561</u>	<u>5,578</u>
EXPENDITURES:				
Current:				
General Government:				
General Government	-	-	26	-
Total General Government	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>
Transportation:				
Streets	14,500	-	-	-
Total Transportation	<u>14,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cultural, Parks and Recreation				
Parks and Recreation	-	-	-	-
Total Cultural, Parks and Recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community/Economic Development:				
Economic Development	-	-	-	-
Total Community/Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	3,196	-	-	6,579
Total Expenditures	<u>17,696</u>	<u>-</u>	<u>26</u>	<u>6,579</u>
Excess of Revenues Over (Under) Expenditures	<u>(15,766)</u>	<u>29</u>	<u>22,535</u>	<u>(1,001)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Over)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(15,766)</u>	<u>29</u>	<u>22,535</u>	<u>(1,001)</u>
FUND BALANCE, AT BEGINNING OF YEAR	<u>28,487</u>	<u>10,040</u>	<u>-</u>	<u>88,874</u>
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	-	-	-	-
FUND BALANCE, AT END OF YEAR	<u>\$ 12,721</u>	<u>\$ 10,069</u>	<u>\$ 22,535</u>	<u>\$ 87,873</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
\$ -	\$ -	\$ -	\$ 824,817	\$ 824,817
-	-	-	-	-
118	431	60	-	931
17,225	2,532	900	-	50,433
<u>17,343</u>	<u>2,963</u>	<u>960</u>	<u>824,817</u>	<u>876,181</u>
1,380	-	-	-	1,406
<u>1,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,406</u>
-	-	-	-	14,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,500</u>
-	-	11	-	11
<u>-</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>11</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	98,980	-	1,001,457	1,110,212
<u>1,380</u>	<u>98,980</u>	<u>11</u>	<u>1,001,457</u>	<u>1,126,129</u>
15,963	(96,017)	949	(176,640)	(249,948)
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
15,963	(96,017)	949	(176,640)	(249,948)
32,082	198,977	20,237	-	378,697
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>48,045</u>	\$ <u>102,960</u>	\$ <u>21,186</u>	\$ <u>(176,640)</u>	\$ <u>128,749</u>

See accompanying notes to the basic financial statements.

CITY OF CORNING

CAPITAL PROJECTS FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2017

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

Police Equipment Replacement Fund (Fund 071)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	40	(60)
-	1,890	1,890
100	1,930	1,830
-	-	-
-	-	-
-	-	-
-	-	-
-	14,500	(14,500)
-	14,500	(14,500)
-	-	-
-	-	-
-	-	-
-	-	-
24,350	3,196	21,154
24,350	17,696	6,654
(24,250)	(15,766)	8,484
57,000	-	(57,000)
-	-	-
57,000	-	(57,000)
\$ 32,750	(15,766)	\$ (48,516)
	28,487	
	-	
	-	
	\$ 12,721	

(Continued)

Exhibit C-3

Police Equipment Replacement Fund (Fund 73)			Police K-9 Fund (Fund 74)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	29	29	-	-	-
-	-	-	-	22,561	22,561
-	29	29	-	22,561	22,561
-	-	-	-	26	(26)
-	-	-	-	26	(26)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,000	-	10,000	-	-	-
10,000	-	10,000	-	26	(26)
(10,000)	29	10,029	-	22,535	22,535
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (10,000)	29	\$ 10,029	\$ -	22,535	\$ 22,535
	10,040			-	
	-			-	
	-			-	
	\$ 10,069			\$ 22,535	

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, 2017

REVENUES:

Intergovernmental Revenues
Acquisition Charges and Fees
Interest
Other
Total Revenues

EXPENDITURES:

Current:

General Government:
 General Government
 Total General Government
Public Safety and Judiciary:
 Police
 Total Public Safety and Judiciary
Transportation:
 Streets
 Total Transportation
Cultural, Parks and Recreation
 Parks and Recreation
 Total Cultural, Parks and Recreation
Community/Economic Development:
 Economic Development
 Total Community/Economic Development
Capital Outlay
Total Expenditures

Excess of Revenues Over

(Under) Expenditures

OTHER FINANCING SOURCES (USES):

Operating Transfers In
Operating Transfers Out
Total Other Financing
Sources (Over)

Excess of Revenues and Other Sources Over

(Under) Expenditures and Other Uses

FUND BALANCE, AT BEGINNING OF YEAR

Residual Equity Transfers In
Residual Equity Transfers Out

FUND BALANCE, AT END OF YEAR

Fire Equipment Replacement Fund (Fund 076)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	253	153
-	5,325	5,325
100	5,578	5,478
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	6,579	(6,579)
-	6,579	(6,579)
100	(1,001)	(1,101)
-	-	-
-	-	-
-	-	-
\$ 100	(1,001)	\$ (1,101)
	88,874	
	-	
	-	
	\$ 87,873	

**Exhibit C-3
(Continued)**

Public Works Equip. Replacement Fund (Fund 078)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	118	18
17,000	17,225	225
17,100	17,343	243
9,000	1,380	7,620
9,000	1,380	7,620
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
8,500	-	8,500
17,500	1,380	16,120
(400)	15,963	16,363
-	-	-
-	-	-
-	-	-
\$ (400)	15,963	\$ 16,363
	32,082	
	-	
	-	
	\$ 48,045	

Park Acquisition Fund (Fund 341)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	431	331
5,000	2,532	(2,468)
5,100	2,963	(2,137)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
154,000	98,980	55,020
154,000	98,980	55,020
(148,900)	(96,017)	52,883
-	-	-
-	-	-
-	-	-
\$ (148,900)	(96,017)	\$ 52,883
	198,977	
	-	
	-	
	\$ 102,960	

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, 2017

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

Bedroom Tax (Fund 355)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	60	60
600	900	300
600	960	360
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	11	(11)
-	11	(11)
-	-	-
-	-	-
15,000	-	15,000
15,000	11	14,989
(14,400)	949	15,349
-	-	-
-	-	-
-	-	-
\$ (14,400)	949	\$ 15,349
	20,237	
	-	
	-	
	\$ 21,186	

CITY OF CORNING
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2017

Exhibit D-1

	Sewer Enterprise Fund <u>(Fund 610, etc)</u>	Solid Waste Enterprise Fund <u>(Fund 615)</u>	Airport Fund <u>(Fund 620)</u>	Transportation Center Fund <u>(Fund 625)</u>	Water Enterprise Fund <u>(Fund 630, etc)</u>	<u>Total</u>
ASSETS						
Current Assets:						
Cash and Investments	\$ 1,334,761	\$ 78,777	\$ 62,008	\$ 13,402	\$ 607,683	\$ 2,096,631
Accounts Receivable	100,789	32,275	12,662	-	52,207	197,933
Inventories	15,887	-	-	-	59,638	75,525
Prepaid Assets	-	-	-	-	-	-
Total Current Assets	<u>1,451,437</u>	<u>111,052</u>	<u>74,670</u>	<u>13,402</u>	<u>719,528</u>	<u>2,370,089</u>
Capital Assets:						
Land and Construction in Progress	105,274	-	727,814	-	5,000	838,088
Property, Plant and Equipment	16,072,538	-	2,662,699	5,167	6,710,001	25,450,405
Accumulated Depreciation	<u>(10,624,911)</u>	<u>-</u>	<u>(233,924)</u>	<u>-</u>	<u>(2,666,888)</u>	<u>(13,525,723)</u>
Net Capital Assets	<u>5,552,901</u>	<u>-</u>	<u>3,156,589</u>	<u>5,167</u>	<u>4,048,113</u>	<u>12,762,770</u>
Loan Acquisition Costs	138,837	-	-	-	140,773	279,610
Accumulated Amortization	<u>(4,718)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,692)</u>	<u>(9,410)</u>
Net Loan Acquisition Costs	<u>134,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,081</u>	<u>270,200</u>
Restricted Cash:						
Loan Repayment	<u>7,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,215</u>	<u>255,107</u>
Total Other Assets	<u>7,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,215</u>	<u>255,107</u>
Deferred Outflows of Resource						
Pension Contribution	<u>27,665</u>	<u>-</u>	<u>109</u>	<u>-</u>	<u>119,943</u>	<u>147,717</u>
Total Assets	<u>\$ 7,174,014</u>	<u>\$ 111,052</u>	<u>\$ 3,231,368</u>	<u>\$ 18,569</u>	<u>\$ 5,270,880</u>	<u>\$ 15,805,883</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 43,484	\$ 119,347	\$ 105	\$ 549	\$ 12,736	\$ 176,221
Accrued Wages	3,583	-	-	-	6,283	9,866
Due to other funds	-	-	-	-	-	-
Interest Payable	59,207	-	-	-	39,957	99,164
Deposits	-	-	-	-	30,309	30,309
Current Portion of Long Term Debt	<u>126,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,031</u>	<u>277,920</u>
Total Current Liabilities	<u>233,163</u>	<u>119,347</u>	<u>105</u>	<u>549</u>	<u>240,316</u>	<u>593,480</u>
Deferred Inflows of Resources						
GASB 68 Actuarial Adjustments	<u>21,168</u>	<u>-</u>	<u>83</u>	<u>-</u>	<u>91,774</u>	<u>113,025</u>
Long-Term Liabilities						
Interfund Loan Payable	-	-	-	-	-	-
Accrued Compensation for Future Absen	51,857	-	-	-	51,857	103,714
Net Pension Liability	103,228	-	406	-	447,546	551,180
Certificates of Participation Payable	5,219,349	-	-	-	3,569,208	8,788,557
Less: Current Portion	<u>(126,889)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,031)</u>	<u>(277,920)</u>
Total Long-Term Liabilities	<u>5,247,545</u>	<u>-</u>	<u>406</u>	<u>-</u>	<u>3,917,580</u>	<u>9,165,531</u>
Total Liabilities	<u>5,501,876</u>	<u>119,347</u>	<u>594</u>	<u>549</u>	<u>4,249,670</u>	<u>9,872,036</u>
NET POSITION						
Investment in capital assets, net	333,552	-	3,156,589	5,167	478,905	3,974,213
Restricted for debt service	1,055,862	-	-	-	697,364	1,753,226
Unrestricted	<u>282,724</u>	<u>(8,295)</u>	<u>74,185</u>	<u>12,853</u>	<u>(155,059)</u>	<u>206,408</u>
Total Net Position	<u>\$ 1,672,138</u>	<u>\$ (8,295)</u>	<u>\$ 3,230,774</u>	<u>\$ 18,020</u>	<u>\$ 1,021,210</u>	<u>\$ 5,933,847</u>

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, 2017

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
OPERATING REVENUES:						
Charges for Service	\$ 1,766,384	\$ 477,491	\$ -	\$ -	\$ 1,237,310	\$ 3,481,185
Connection fees	-	-	-	-	650	650
Lease and Rents	8,463	-	38,990	10,000	-	57,453
Other Revenue	107,200	-	10,000	6,000	13,658	136,858
Total Operating Revenues	<u>1,882,047</u>	<u>477,491</u>	<u>48,990</u>	<u>16,000</u>	<u>1,251,618</u>	<u>3,676,146</u>
OPERATING EXPENSES:						
Salaries and Benefits	321,263	-	75	-	821,176	1,142,514
Utilities	108,081	-	4,498	7,399	220,093	340,071
Depreciation	481,279	-	33,132	-	150,743	665,154
Amortization	2,815	-	-	-	-	2,815
Other Expenses	843,883	480,620	7,612	10,659	272,696	1,615,470
Total Operating Expenses	<u>1,757,321</u>	<u>480,620</u>	<u>45,317</u>	<u>18,058</u>	<u>1,464,708</u>	<u>3,766,024</u>
Operating Income (Loss)	<u>124,726</u>	<u>(3,129)</u>	<u>3,673</u>	<u>(2,058)</u>	<u>(213,090)</u>	<u>(89,878)</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	5,892	157	131	45	3,815	10,040
Interest Expense	(217,776)	-	-	-	(200,428)	(418,204)
Net Non-Operating Revenues (Expenses)	<u>(211,884)</u>	<u>157</u>	<u>131</u>	<u>45</u>	<u>(196,613)</u>	<u>(408,164)</u>
Income Before Transfers	<u>(87,158)</u>	<u>(2,972)</u>	<u>3,804</u>	<u>(2,013)</u>	<u>(409,703)</u>	<u>(498,042)</u>
Operating Transfers In	365,000	-	-	-	534,280	899,280
Operating Transfers Out	<u>(403,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(495,375)</u>	<u>(899,280)</u>
Changes in net position	<u>(126,063)</u>	<u>(2,972)</u>	<u>3,804</u>	<u>(2,013)</u>	<u>(370,798)</u>	<u>(498,042)</u>
NET POSITION, BEGINNING OF YEAR						
As Previously Stated	1,787,458	(5,323)	3,226,970	20,033	1,402,751	6,431,889
Prior period adjustment	-	-	-	-	-	-
As Restated	<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>
Residual Equity Transfers In	980,492	-	-	-	229,873	1,210,365
Residual Equity Transfers Out	<u>(969,749)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240,616)</u>	<u>(1,210,365)</u>
NET POSITION, END OF YEAR	<u>\$ 1,672,138</u>	<u>\$ (8,295)</u>	<u>\$ 3,230,774</u>	<u>\$ 18,020</u>	<u>\$ 1,021,210</u>	<u>\$ 5,933,847</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2017

Exhibit D-3

	Sewer Enterprise Fund (Fund 610, etc)	Solid Waste Enterprise Fund (Fund 615)	Airport Fund (Fund 620)	Transportation Center Fund (Fund 625)	Water Enterprise Fund (Fund 630, etc)	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 1,695,502	\$ 464,591	\$ (12,662)	\$ -	\$ 1,366,564	\$ 3,513,995
Other Operating Cash Receipts	115,663	-	48,990	16,000	13,658	194,311
Payments to Suppliers	(939,063)	(480,596)	(12,124)	(18,127)	(521,450)	(1,971,360)
Payments to Employees	(320,574)	-	(75)	-	(820,219)	(1,140,868)
Net Cash Provided (Used) by Operating Activities	<u>551,528</u>	<u>(16,005)</u>	<u>24,129</u>	<u>(2,127)</u>	<u>38,553</u>	<u>596,078</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from (to) other funds	<u>(28,162)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,162</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest Paid	(225,910)	-	-	-	(214,854)	(440,764)
Additions to long-term debt	-	-	-	-	-	-
Repayment of Certificates of Participation	(570,710)	-	406	-	(320,374)	(890,678)
Changes in GASB 68 amounts	(19,193)	-	(698)	-	(40,391)	(60,282)
Payments for capital acquisitions	577,633	-	760,946	-	62,707	1,401,286
Net cash (used for) capital and related financing activities	<u>(238,180)</u>	<u>-</u>	<u>761,060</u>	<u>-</u>	<u>(512,912)</u>	<u>9,968</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Receipts of interest	<u>5,892</u>	<u>157</u>	<u>131</u>	<u>45</u>	<u>3,815</u>	<u>10,040</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	<u>291,078</u>	<u>(15,848)</u>	<u>785,320</u>	<u>(2,082)</u>	<u>(442,382)</u>	<u>616,086</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR						
	<u>871,834</u>	<u>94,781</u>	<u>27,182</u>	<u>10,696</u>	<u>1,028,372</u>	<u>2,032,865</u>
CASH AND CASH EQUIVALENTS, END OF YEAR						
	<u>\$ 1,162,912</u>	<u>\$ 78,933</u>	<u>\$ 812,502</u>	<u>\$ 8,614</u>	<u>\$ 585,990</u>	<u>\$ 2,648,951</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Net Operating Income (Loss)	\$ 124,726	\$ (3,129)	\$ 3,673	\$ (2,058)	\$ (213,090)	\$ (89,878)
Adjustments to Reconcile Net Income to Net Cash From (Used For) Operating Activities:						
Depreciation and Amortization	484,094	-	33,132	-	150,743	667,969
Prior Period Adjustments	-	-	-	-	-	-
Decrease (Increase) in Accounts Receivable	(70,882)	(12,900)	(12,662)	-	178,345	81,901
Decrease (Increase) in Inventory	(313)	-	-	-	(1,175)	(1,488)
Decrease (Increase) in Other Assets	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	21,811	24	(14)	(69)	(13,060)	8,692
Increase (Decrease) in Wages Payable	689	-	-	-	957	1,646
Increase (Decrease) in Accrued Compensation	-	-	-	-	-	-
Increase (Decrease) in Due to Other Funds	(463)	-	-	-	-	(463)
Increase (Decrease) in Interest Payable	(8,134)	-	-	-	(14,426)	(22,560)
Increase (Decrease) in Deposits	-	-	-	-	(49,741)	(49,741)
Increase (Decrease) in current liabilities payable from restricted assets	-	-	-	-	-	-
Net cash from (used for) operating activities	<u>\$ 551,528</u>	<u>\$ (16,005)</u>	<u>\$ 24,129</u>	<u>\$ (2,127)</u>	<u>\$ 38,553</u>	<u>\$ 596,078</u>

See accompanying notes to the basic financial statements.

**CITY OF CORNING
EXPENDABLE TRUST FUNDS**

Exhibit E-1

Combining Balance Sheet
June 30, 2017

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust Fund (Fund 402)	Ridell Library Fund (Fund 403)	Totals
ASSETS:				
Cash and investments	\$ 25,402	\$ -	\$ 261,572	\$ 286,974
Receivables:				
Intergovernmental				
County	-	-	-	-
Deferred compensation plan assets	-	-	-	-
 Total assets	 \$ <u>25,402</u>	 \$ <u>-</u>	 \$ <u>261,572</u>	 \$ <u>286,974</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Held in trust for:				
Scholarships	25,402	-	-	25,402
Library System	-	-	261,572	261,572
Theater	-	-	-	-
 Total fund balances	 <u>25,402</u>	 <u>-</u>	 <u>261,572</u>	 <u>286,974</u>
 Total liabilities and fund balances	 \$ <u>25,402</u>	 \$ <u>-</u>	 \$ <u>261,572</u>	 \$ <u>286,974</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, 2017

Exhibit E-2

	J.T. Levy Trust Fund (Fund 401)	Rodgers Theater Trust (Fund 402)	Ridell Library Fund (Fund 403)	Totals
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-	-
Interest	<u>74</u>	<u>-</u>	<u>757</u>	<u>831</u>
Total Revenues	<u>74</u>	<u>-</u>	<u>757</u>	<u>831</u>
EXPENDITURES:				
Scholarships	500	-	-	500
Capital Outlay	-	-	1,000	1,000
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>500</u>	<u>-</u>	<u>1,000</u>	<u>1,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(426)</u>	<u>-</u>	<u>(243)</u>	<u>(669)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(426)</u>	<u>-</u>	<u>(243)</u>	<u>(669)</u>
FUND BALANCE, BEGINNING OF YEAR	25,828	-	261,815	287,643
Residual Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 25,402</u>	<u>\$ -</u>	<u>\$ 261,572</u>	<u>\$ 286,974</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
EXPENDABLE TRUST FUNDS

Exhibit E-3

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2017

	<u>Totals</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
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	5,000	-	5,000
Total Expenditures	<u>16,500</u>	<u>7,667</u>	<u>8,833</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,000)</u>	<u>(7,366)</u>	<u>8,634</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>\$ (16,000)</u>	<u>(7,366)</u>	<u>\$ 8,634</u>
FUND BALANCE, BEGINNING OF YEAR		291,812	
FUND BALANCE, END OF YEAR		<u>\$ 284,446</u>	

See accompanying notes to
the basic financial statements.

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OTHER REPORTS AND SCHEDULES

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL FUNDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

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Donald R. Reynolds

Certified Public Accountant

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

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

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Corning, as of and for the year ended June 30, 2017, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated January 18, 2018. 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.

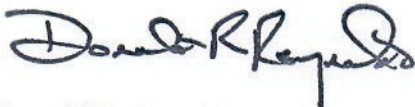
The Honorable Mayor and Members of the City Council
City of Corning
Corning, California

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 18, 2018

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, 2017. 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, 2017.

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, 2017, 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 18, 2018, 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.



Donald R. Reynolds
Certified Public Accountant
January 18, 2018

CITY OF CORNING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>	
<u>U.S. Department of Justice</u>				
Passed through State Department of Justice				
Byrne Criminal Justice Innovation Program	16.650	2013-AJ-BX-0013	<u>385,946</u>	
Total U.S. Department of Justice			<u>385,946</u>	
<u>U.S. Department of Transportation</u>				
Passed through the State Office of Traffic Safety				
Traffic Safety Grant	**	20.6	02-THE-0-CNG	<u>1,001,457</u>
Total U.S. Department of Transportation				<u>1,001,457</u>
U.S Department of Homeland Security				
Passed through the County of Tehama				
Homeland Security Grant Program	97.067	None		<u>30,000</u>
Total U.S. Department of Homeland Security				<u>30,000</u>
Total Expenditure of Federal Awards				<u>\$ 1,417,403</u>

** Major Program

CITY OF CORNING
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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.

Note 4 Indirect Costs

The City did not use the 10% de minimus indirect cost rate.

CITY OF CORNING, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

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, 2017.
- ii) No significant deficiencies were disclosed by the audit of the financial statements for the year ended June 30, 2017.
- 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, 2017:

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, 2017.

**CITY OF CORNING, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

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, 2017

	Sewer Capital Improvement Fund (Fund 347)	WWTP EXP. (Fund 348)	W.W.T.P. Capital Replacement Fund (Fund 380)	Sewer Capital Replacement Fund (Fund 381)	Fund (Fund 610)
ASSETS					
Current Assets:					
Cash and Investments	\$ 2,301	\$ 46,915	\$ 424,158	\$ 179,940	\$ 681,445
Accounts Receivable	-	-	-	-	100,789
Inventories	-	-	-	-	15,887
Total Current Assets	<u>2,301</u>	<u>46,915</u>	<u>424,158</u>	<u>179,940</u>	<u>798,121</u>
Capital Assets					
Land and Construction in Progress	-	-	-	-	105,274
Property, Plant and Equipment	-	4,453,848	-	-	11,618,690
Accumulated Depreciation	-	(1,470,856)	-	-	(9,154,055)
Net Capital Assets	<u>-</u>	<u>2,982,992</u>	<u>-</u>	<u>-</u>	<u>2,569,909</u>
Loan Acquisition Costs	-	55,248	-	-	83,589
Accumulated Amortization	-	(1,903)	-	-	(2,815)
Net Loan Acquisition Costs	<u>-</u>	<u>53,345</u>	<u>-</u>	<u>-</u>	<u>80,774</u>
Restricted Cash:					
Loan Repayment	-	-	-	-	-
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Outflows of Resources					
Pension Contribution	-	-	-	-	27,665
Total Assets	\$ <u>2,301</u>	\$ <u>3,083,252</u>	\$ <u>424,158</u>	\$ <u>179,940</u>	\$ <u>3,476,469</u>
LIABILITIES					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ 41	\$ 43,443
Accrued Wages	-	-	-	-	3,583
Due to Other Funds	-	-	-	-	-
Interest Payable	-	40,020	-	-	19,187
Current Portion of Long Term Debt	-	64,000	-	-	62,889
Total Current Liabilities	<u>-</u>	<u>104,020</u>	<u>-</u>	<u>41</u>	<u>129,102</u>
Long-Term Liabilities					
Interfund Loan Payable	-	(381,370)	-	-	381,370
Accrued Compensation for Future Absences	-	-	-	-	51,857
Net Pension Liability	-	-	-	-	103,228
Long-Term Debt	-	3,500,418	-	-	1,718,931
Less: Current Portion	-	(64,000)	-	-	(62,889)
Total Long-Term Liabilities	<u>-</u>	<u>3,055,048</u>	<u>-</u>	<u>-</u>	<u>2,192,497</u>
Total Liabilities	<u>-</u>	<u>3,159,068</u>	<u>-</u>	<u>41</u>	<u>2,321,599</u>
Deferred Inflows of Resources					
GASB 68 Actuarial Adjustments	-	-	-	-	21,168
Fund Equity:					
Retained Earnings:					
Investment in Capital Assets	-	(517,426)	-	-	850,978
Restricted	2,301	441,610	424,158	179,899	-
Unrestricted	-	-	-	-	282,724
Total Net Assets	<u>2,301</u>	<u>(75,816)</u>	<u>424,158</u>	<u>179,899</u>	<u>1,133,702</u>
Total Net Assets	\$ <u>2,301</u>	\$ <u>(75,816)</u>	\$ <u>424,158</u>	\$ <u>179,899</u>	\$ <u>1,133,702</u>

<u>1999 COP (673,611)</u>	<u>2017 Sewer Bond (Fund 647)</u>	<u>2017 Sewer Bond Reserve (Fund 651)</u>	<u>2017 Sewer Bond Cost of Issue (Fund 652)</u>	<u>2005 Refunding Bond (Fund 692)</u>	<u>2005 Refunding Bond (Fund 693)</u>	<u>TOTAL Sewer Enterprise Fund</u>
\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ 1,334,761
-	-	-	-	-	-	100,789
-	-	-	-	-	-	15,887
-	1	1	-	-	-	1,451,437
-	-	-	-	-	-	105,274
-	-	-	-	-	-	16,072,538
-	-	-	-	-	-	(10,624,911)
-	-	-	-	-	-	5,552,901
-	-	-	-	-	-	138,837
-	-	-	-	-	-	(4,718)
-	-	-	-	-	-	134,119
643	-	-	7,249	-	-	7,892
643	-	-	7,249	-	-	7,892
-	-	-	-	-	-	27,665
<u>\$ 643</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 7,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,174,014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,484
-	-	-	-	-	-	3,583
-	-	-	-	-	-	-
-	-	-	-	-	-	59,207
-	-	-	-	-	-	126,889
-	-	-	-	-	-	233,163
-	-	-	-	-	-	-
-	-	-	-	-	-	51,857
-	-	-	-	-	-	103,228
-	-	-	-	-	-	5,219,349
-	-	-	-	-	-	(126,889)
-	-	-	-	-	-	5,247,545
-	-	-	-	-	-	5,480,708
-	-	-	-	-	-	21,168
-	-	-	-	-	-	-
643	1	1	7,249	-	-	333,552
-	-	-	-	-	-	1,055,862
643	1	1	7,249	-	-	282,724
<u>\$ 643</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 7,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,672,138</u>

See accompanying notes to the basic financial statements. City of Corning Supplemental Section Page 111

CITY OF CORNING
SEWER ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2017

	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)	1999 COP (673,611)
OPERATING REVENUES:						
Charges for Service	\$ -	\$ -	\$ -	\$ -	\$ 1,766,384	\$ -
Connection fees	-	-	-	-	-	-
Lease and Rents	-	-	-	-	8,463	-
Other Revenue	3,744	19,136	-	-	84,318	-
Total Operating Revenues	<u>3,744</u>	<u>19,136</u>	<u>-</u>	<u>-</u>	<u>1,859,165</u>	<u>-</u>
OPERATING EXPENSES:						
Salaries and Benefits	-	-	-	-	321,263	-
Utilities	-	-	-	-	108,081	-
Depreciation	-	133,951	-	-	347,328	-
Amortization	-	-	-	-	2,815	-
Other Expenses	424	16,978	4,985	1,125	819,251	945
Total Operating Expenses	<u>424</u>	<u>150,929</u>	<u>4,985</u>	<u>1,125</u>	<u>1,598,738</u>	<u>945</u>
Operating Income (Loss)	<u>3,320</u>	<u>(131,793)</u>	<u>(4,985)</u>	<u>(1,125)</u>	<u>260,427</u>	<u>(945)</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	-	350	1,231	553	2,844	333
Interest Expense	-	(137,576)	-	-	(80,120)	-
Net Non-Operating Revenues (Expenses)	<u>-</u>	<u>(137,226)</u>	<u>1,231</u>	<u>553</u>	<u>(77,276)</u>	<u>333</u>
Net Income Before Transfers	<u>3,320</u>	<u>(269,019)</u>	<u>(3,754)</u>	<u>(572)</u>	<u>183,151</u>	<u>(612)</u>
Operating Transfers In	-	240,000	85,000	40,000	-	-
Operating Transfers Out	-	-	-	-	(365,000)	-
Net Income	<u>3,320</u>	<u>(29,019)</u>	<u>81,246</u>	<u>39,428</u>	<u>(181,849)</u>	<u>(612)</u>
NET ASSETS, AT BEGINNING OF YEAR						
As Previously Stated	(1,019)	(270,455)	342,912	159,816	901,112	414,807
Prior period adjustment	-	-	-	-	-	-
As Restated	<u>(1,019)</u>	<u>(270,455)</u>	<u>342,912</u>	<u>159,816</u>	<u>901,112</u>	<u>414,807</u>
Residual Equity Transfers In	-	223,658	-	-	414,439	-
Residual Equity Transfers Out	-	-	-	(19,345)	-	(413,552)
NET ASSETS, AT END OF YEAR	<u>\$ 2,301</u>	<u>\$ (75,816)</u>	<u>\$ 424,158</u>	<u>\$ 179,899</u>	<u>\$ 1,133,702</u>	<u>\$ 643</u>

<u>2017 Sewer Bond (Fund 647)</u>	<u>2017 Sewer Bond Reserve (Fund 651)</u>	<u>2017 Sewer Bond Cost of Issue (Fund 652)</u>	<u>2017 Sewer Bond Total (Fund 653)</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,766,384
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	8,463
<u>1</u>	<u>1</u>	-	-	-	-	-	-	<u>107,200</u>
<u>1</u>	<u>1</u>	-	-	-	-	-	-	<u>1,882,047</u>
-	-	-	-	-	-	-	-	321,263
-	-	-	-	-	-	-	-	108,081
-	-	-	-	-	-	-	-	481,279
-	-	-	-	-	-	-	-	2,815
-	-	-	-	175	-	-	-	<u>843,883</u>
-	-	-	-	<u>175</u>	-	-	-	<u>1,757,321</u>
<u>1</u>	<u>1</u>	-	-	<u>(175)</u>	-	-	-	<u>124,726</u>
-	-	10	-	27	85	35	424	5,892
-	-	-	-	-	-	(80)	-	<u>(217,776)</u>
-	-	<u>10</u>	-	<u>27</u>	<u>85</u>	<u>(45)</u>	<u>424</u>	<u>(211,884)</u>
<u>1</u>	<u>1</u>	<u>10</u>	-	<u>(148)</u>	<u>85</u>	<u>(45)</u>	<u>424</u>	<u>(87,158)</u>
-	-	-	-	-	-	-	-	365,000
-	-	-	-	-	(38,905)	-	-	<u>(403,905)</u>
<u>1</u>	<u>1</u>	<u>10</u>	-	<u>(148)</u>	<u>(38,820)</u>	<u>(45)</u>	<u>424</u>	<u>(126,063)</u>
-	-	-	-	33	38,820	148	201,284	1,787,458
-	-	-	-	-	-	-	-	-
-	-	-	-	33	38,820	148	201,284	1,787,458
-	-	179,743	-	162,652	-	-	-	980,492
-	-	<u>(172,504)</u>	-	<u>(162,537)</u>	-	<u>(103)</u>	<u>(201,708)</u>	<u>(969,749)</u>
<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 7,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,672,138</u>

See accompanying notes to the basic financial statements.

CITY OF CORNING
WATER ENTERPRISE FUNDS

Combining Balance Sheet
 June 30, 2017

	<u>Water Capital Improvement Fund (Fund 346)</u>	<u>Water Capital Replacement Fund (Fund 383)</u>	<u>Short Lived Water Reserve (Fund 386)</u>	<u>Water Fund (Fund 630)</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 33,361	\$ 417,140	\$ 163,101	\$ (5,920)
Accounts Receivable	-	-	-	52,207
Inventories	-	-	-	59,638
Total Current Assets	<u>33,361</u>	<u>417,140</u>	<u>163,101</u>	<u>105,925</u>
Fixed Assets:				
Land and Construction in Progress	-	-	-	5,000
Property, Plant and Equipment	-	-	-	6,710,001
Accumulated Depreciation	-	-	-	(2,666,888)
Net Property, Plant and Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,048,113</u>
Loan Acquisition Costs	-	-	-	140,773
Accumulated Amortization	-	-	-	(4,692)
Net Loan Acquisition Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,081</u>
Restricted Cash:				
Loan Repayment	-	-	-	-
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Outflows of Resources				
GASB 68 Actuarial Adjustments	-	-	-	119,943
Total Assets	\$ <u>33,361</u>	\$ <u>417,140</u>	\$ <u>163,101</u>	\$ <u>4,410,062</u>
LIABILITIES				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ 188	\$ 36	-	12,512
Accrued Wages	-	-	-	6,283
Other accrued liabilities	-	-	-	-
Interest Payable	-	-	-	39,957
Deposits	-	-	-	30,309
Current Portion of Long Term Debt	-	-	-	151,031
Total Current Liabilities	<u>188</u>	<u>36</u>	<u>-</u>	<u>240,092</u>
Long-Term Liabilities				
Accrued Compensation for Future Absences	-	-	-	51,857
Net Pension Liability	-	-	-	447,546
Long-Term Debt	-	-	-	3,569,208
Less: Current Portion	-	-	-	(151,031)
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,917,580</u>
Total Liabilities	<u>188</u>	<u>36</u>	<u>-</u>	<u>4,157,672</u>
Deferred Inflows of Resources				
GASB 68 Actuarial Adjustments	-	-	-	91,774
NET ASSETS				
Investment in Capital Assets	-	-	-	478,905
Restricted	33,173	417,104	-	-
Unrestricted	-	-	163,101	(318,289)
Total Net Assets	\$ <u>33,173</u>	\$ <u>417,104</u>	\$ <u>163,101</u>	\$ <u>160,616</u>

<u>Water Well Loan Reserve Fund (Fund 632)</u>	<u>2017 Water Bond (Fund 641)</u>	<u>Water Fund Reserve (Fund 645)</u>	<u>Water Rate Stabilization (Fund 646)</u>	<u>1999 COP Fund (674,675)</u>	<u>2005 COP Fund (682,684)</u>	<u>TOTAL Water Enterprise Funds</u>
\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 607,683
-	-	-	-	-	-	52,207
-	-	-	-	-	-	59,638
-	-	1	-	-	-	719,528
-	-	-	-	-	-	5,000
-	-	-	-	-	-	6,710,001
-	-	-	-	-	-	(2,666,888)
-	-	-	-	-	-	4,048,113
-	-	-	-	-	-	140,773
-	-	-	-	-	-	(4,692)
-	-	-	-	-	-	136,081
16,915	128	-	230,172	-	-	247,215
16,915	128	-	230,172	-	-	247,215
-	-	-	-	-	-	119,943
\$ 16,915	\$ 128	\$ 1	\$ 230,172	\$ -	\$ -	\$ 5,270,880
-	-	-	-	-	-	12,736
-	-	-	-	-	-	6,283
-	-	-	-	-	-	-
-	-	-	-	-	-	39,957
-	-	-	-	-	-	30,309
-	-	-	-	-	-	151,031
-	-	-	-	-	-	240,316
-	-	-	-	-	-	51,857
-	-	-	-	-	-	447,546
-	-	-	-	-	-	3,569,208
-	-	-	-	-	-	(151,031)
-	-	-	-	-	-	3,917,580
-	-	-	-	-	-	4,157,896
-	-	-	-	-	-	91,774
-	-	-	-	-	-	478,905
16,915	-	-	230,172	-	-	697,364
-	128	1	-	-	-	(155,059)
\$ 16,915	\$ 128	\$ 1	\$ 230,172	\$ -	\$ -	\$ 1,021,210

See accompanying notes to
the basic financial statements.

CITY OF CORNING
WATER ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2017

	Water Capital Improvement Fund (Fund 346)	Water Capital Replacement Fund (Fund 383)	Short Lived Water Reserve (386)	Water Fund (Fund 630)	Water Well Loan Reserve Fund (632)
OPERATING REVENUES:					
Charges for Service	\$ -	\$ -	\$ -	\$ 1,237,310	\$ -
Connection fees	-	-	-	650	-
Lease and Rents	-	-	-	-	-
Other Revenue	10,978	-	-	2,680	-
Total Operating Revenues	<u>10,978</u>	<u>-</u>	<u>-</u>	<u>1,240,640</u>	<u>-</u>
OPERATING EXPENSES:					
Salaries and Benefits	-	-	-	821,176	-
Utilities	-	-	-	220,093	-
Depreciation	-	-	-	150,743	-
Amortization	-	-	-	-	-
Other Expenses	10,618	68,522	-	193,484	-
Total Operating Expenses	<u>10,618</u>	<u>68,522</u>	<u>-</u>	<u>1,385,496</u>	<u>-</u>
Operating Income (Loss)	<u>360</u>	<u>(68,522)</u>	<u>-</u>	<u>(144,856)</u>	<u>-</u>
NON-OPERATING REVENUE (EXPENSE)					
Investment Earnings	90	1,302	472	777	49
Interest Expense	-	-	-	(200,428)	-
Net Non-Operating Revenues (Expenses)	<u>90</u>	<u>1,302</u>	<u>472</u>	<u>(199,651)</u>	<u>49</u>
Net Income Before Transfers	<u>450</u>	<u>(67,220)</u>	<u>472</u>	<u>(344,507)</u>	<u>49</u>
Operating Transfers In	-	78,500	27,000	425,853	2,800
Operating Transfers Out	-	(27,000)	-	(81,300)	-
Net Income	<u>450</u>	<u>(15,720)</u>	<u>27,472</u>	<u>46</u>	<u>2,849</u>
NET ASSETS, AT BEGINNING OF YEAR					
As Previously Stated	32,723	432,824	135,629	401,158	14,066
Prior period adjustment	-	-	-	-	-
As Restated	<u>32,723</u>	<u>432,824</u>	<u>135,629</u>	<u>401,158</u>	<u>14,066</u>
Residual Equity Transfers In	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	(240,588)	-
NET ASSETS, AT END OF YEAR	<u>\$ 33,173</u>	<u>\$ 417,104</u>	<u>\$ 163,101</u>	<u>\$ 160,616</u>	<u>\$ 16,915</u>

CITY OF CORNING
WATER ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2017

	2017 Water Bond (Fund 641)	Water Fund Reserve (Fund 645)	Water Rate Stabilization (Fund 646)	1999 COP Fund (674,675)	2005 COP Fund (682,684)	TOTAL Water Enterprise Funds
OPERATING REVENUES:						
Charges for Service	\$ -	\$ -	\$ -	\$ -	\$ -	1,237,310
Connection fees	-	-	-	-	-	650
Lease and Rents	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	13,658
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,251,618</u>
OPERATING EXPENSES:						
Salaries and Benefits	-	-	-	-	-	821,176
Utilities	-	-	-	-	-	220,093
Depreciation	-	-	-	-	-	150,743
Amortization	-	-	-	-	-	-
Other Expenses	-	-	-	72	-	272,696
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>	<u>-</u>	<u>1,464,708</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72)</u>	<u>-</u>	<u>(213,090)</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	1	1	299	464	360	3,815
Interest Expense	-	-	-	-	-	(200,428)
Net Non-Operating Revenues (Expenses)	<u>1</u>	<u>1</u>	<u>299</u>	<u>464</u>	<u>360</u>	<u>(196,613)</u>
Net Income Before Transfers	<u>1</u>	<u>1</u>	<u>299</u>	<u>392</u>	<u>360</u>	<u>(409,703)</u>
Operating Transfers In	127	-	-	-	-	534,280
Operating Transfers Out	-	-	-	(231,302)	(155,773)	(495,375)
Net Income	<u>128</u>	<u>1</u>	<u>299</u>	<u>(230,910)</u>	<u>(155,413)</u>	<u>(370,798)</u>
NET ASSETS, AT BEGINNING OF YEAR						
As Previously Stated	-	-	-	230,938	155,413	1,402,751
Prior period adjustment	-	-	-	-	-	-
As Restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,938</u>	<u>155,413</u>	<u>1,402,751</u>
Residual Equity Transfers In	-	-	229,873	-	-	229,873
Residual Equity Transfers Out	-	-	-	(28)	-	(240,616)
NET ASSETS, AT END OF YEAR	<u>\$ 128</u>	<u>\$ 1</u>	<u>\$ 230,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,021,210</u>