

CITY OF CORNING,

CALIFORNIA

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2018**

**CITY OF CORNING
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

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 24-51

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information - Pension and OPEB 52
Other Disclosures 53-54
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - General Fund 55-57 Exhibit A-3

SUPPLEMENTARY INFORMATION

Balance Sheet - General Fund 58 Exhibit A-1
Statement of Revenues, Expenditures, and Changes in Fund
Balance - General Fund 59-60 Exhibit A-2

**CITY OF CORNING
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

SUPPLEMENTARY INFORMATION (Continued)

Combining Balance Sheet - Special Revenue Funds	61-66	Exhibit B-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Funds	67-72	Exhibit B-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Special Revenue Funds	73-84	Exhibit B-3
Combining Balance Sheet - Capital Projects Funds	85	Exhibit C-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Funds	86	Exhibit C-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Funds	87-89	Exhibit C-3
Combining Statement of Net Position	90	Exhibit D-1
Combining Statement of Revenues , Expenses and Changes in Net Position	91	Exhibit D-2
Combining Statement of Cash Flows	92	Exhibit D-3
Combining Balance Sheet - Expendable Trust Funds	93	Exhibit E-1
Combining Statement of Revenues, Expenses and Changes in Net Assets - Expendable Trust Funds	94	Exhibit E-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Expendable Trust Funds	95	Exhibit E-3
Schedule to the Footnotes	96	

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	97-98
Other Supporting Schedules to Sewer Enterprise Funds	99-100
Other Supporting Schedules to Water Enterprise Funds	101-102

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

City Officials

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF CORNING, CALIFORNIA
CITY OFFICIAL
FOR THE YEAR ENDED JUNE 30, 2018**

**CITY COUNCIL
(Terms as of June 30, 2018)**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Doug Hatley	Mayor	2021
Chuy Valerio	Member	2021
Karen Burnett	Member	2022
Robert Snow	Member	2021
Dave Demo	Member	2022

CITY CLERK

Lisa Linnet

CITY TREASURER

Laura Calkins

CITY MANAGER AND FINANCE DIRECTOR

Kristina Miller

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

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

THIS PAGE INTENTIONALLY LEFT BLANK

Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

Report On the Financial Statements

I have audited the accompanying consolidated financial statements of City of Corning (the City), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the City of Corning as of June 30, 2018, 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, flowing style.

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

**CITY OF CORNING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018**

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, 2018. 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 \$36,392,202, deferred inflows and outflows of resources were \$4,448,686 and \$2,202,888 respectively, and total liabilities were \$17,264,678 at June 30, 2018. The City's assets exceeded its liabilities by \$16,881,726 (net position) for the fiscal year reported. This is an increase of \$1,341,506 from the previous year when assets exceeded liabilities by \$15,540,220. The increase was primarily due to the increases in sales and use taxes. A surplus in the amount of \$2,489,389 was generated in the governmental funds and a deficit of (\$516,590) in the business-type funds.

At June 30, 2018, the General Fund had a fund balance of \$2,373,527.

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 \$4,389,278 this year. This compares to the prior year ending fund balance of \$3,344,641 and is an increase of \$1,044,637 during the current year;

For the fiscal year ending June 30, 2018, the fund balance of the General Fund was \$2,373,827. Management has a General Fund balance goal of six (6) months of operating expenditures in order to maintain stability of City services during times of economic uncertainty. The fund balance of \$2,373,527 at June 30, 2018 equates to 5.40 months of operating expenditures, based on reported fiscal year 2017/2018 expenditures (\$5,275,665).

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 \$5,611,513 as of June 30, 2018. This compares to the prior year ending net position of \$5,933,847 showing a decrease of \$321,832 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, transactions and use 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, 2018.

TABLE 1 - NET POSITION

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Assets:						
Cash and other assets	\$ 8,753,100	\$ 7,644,106	\$ 3,293,268	\$ 2,895,396	\$ 12,046,368	\$ 10,539,502
Capital asset	<u>12,175,102</u>	<u>12,601,308</u>	<u>12,170,732</u>	<u>12,762,770</u>	<u>24,345,834</u>	<u>25,364,078</u>
Total Assets	<u>\$ 20,928,202</u>	<u>\$ 20,245,414</u>	<u>\$ 15,464,000</u>	<u>\$ 15,658,166</u>	<u>\$ 36,392,202</u>	<u>\$ 35,903,580</u>
Deferred Outflows	<u>\$ 1,743,434</u>	<u>\$ 1,297,045</u>	<u>\$ 459,454</u>	<u>\$ 147,717</u>	<u>\$ 2,202,888</u>	<u>\$ 1,444,762</u>
Liabilities						
Other liabilities	\$ 173,059	\$ 374,749	\$ 297,384	\$ 593,480	\$ 470,443	\$ 968,229
Long-term liabilities	<u>6,833,474</u>	<u>6,749,050</u>	<u>9,960,761</u>	<u>9,165,531</u>	<u>16,794,235</u>	<u>15,914,581</u>
Total Liabilities	<u>\$ 7,006,533</u>	<u>\$ 7,123,799</u>	<u>\$ 10,258,145</u>	<u>\$ 9,759,011</u>	<u>\$ 17,264,678</u>	<u>\$ 16,882,810</u>
Deferred Inflows	<u>\$ 4,394,890</u>	<u>\$ 4,812,285</u>	<u>\$ 53,796</u>	<u>\$ 113,025</u>	<u>\$ 4,448,686</u>	<u>\$ 4,925,310</u>
Net Position						
Invested in capital assets net of related debt	\$ 10,800,000	\$ 11,002,850	\$ 3,660,833	\$ 3,974,213	\$ 14,460,833	\$ 14,977,063
Restricted	-	-	2,031,826	1,753,226	2,031,826	1,753,226
Unrestricted	<u>470,213</u>	<u>(1,396,475)</u>	<u>(81,146)</u>	<u>206,408</u>	<u>389,066</u>	<u>(1,190,067)</u>
Total Net Position	<u>\$ 11,270,213</u>	<u>\$ 9,606,375</u>	<u>\$ 5,611,513</u>	<u>\$ 5,933,847</u>	<u>\$ 16,881,726</u>	<u>\$ 15,540,222</u>

In fiscal year 2017-18, Governmental Activities increased the City's net position by \$2,489,389 and business-type activities decreased the City's net position by \$516,590 as compared to the prior fiscal year.

As Table 2 depicts, Governmental Activities revenues increased by \$248,159, or 3.40%, due primarily to the increase in sales tax revenue received for the year, which equaled \$531,612. Expenses in the governmental activities decreased by \$1,101,400, or 17.92%; much of this decrease is in the City's public safety offset by an increase in general government.

Business-type activities revenues increased by \$283,586 or 7.69%. The increase was due, in part to changes in customer charges and increased investment earnings. Business-type expenses increased by \$302,134 due to increased costs of providing sewer services and interest on debt.

TABLE 2 - CHANGES IN NET POSITION**For the periods ending June 30**

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 192,365	\$ 213,565	\$ 3,689,056	\$ 3,481,835	\$ 3,881,421	\$ 3,695,400
Operating grants and contributions	409,223	341,169	-	-	409,223	341,169
Capital grants and contributions	442,899	1,000,987	-	-	442,899	1,000,987
General revenues:						
Property taxes	545,871	553,325	-	-	545,871	553,325
Sales and use taxes	3,910,283	3,261,363	-	-	3,910,283	3,261,363
Occupancy taxes	423,362	391,313	-	-	423,362	391,313
Other taxes	286,943	125,940	-	-	286,943	125,940
Vehicle License Fee	592,977	574,793	-	-	592,977	574,793
Franchise tax	130,276	249,220	-	-	130,276	249,220
Investment earnings	22,978	6,455	88,219	10,040	111,197	16,495
Intergovernmental	163,640	347,405	-	-	163,640	347,405
Other revenue	<u>411,807</u>	<u>218,930</u>	<u>192,497</u>	<u>194,311</u>	<u>604,304</u>	<u>413,241</u>
Total Revenue	<u>7,532,624</u>	<u>7,284,465</u>	<u>3,969,772</u>	<u>3,686,186</u>	<u>11,502,396</u>	<u>10,970,651</u>

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-Wide Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Expenses:						
General government	1,350,587	886,218	-	-	1,350,587	886,218
Public safety	2,996,095	4,306,971	-	-	2,996,095	4,306,971
Transportation	367,908	509,182	-	-	367,908	509,182
Cultural Parks and Recreation	313,928	393,033	-	-	313,928	393,033
Community Development	14,717	49,231	-	-	14,717	49,231
Sewer	-	-	2,280,182	1,975,097	2,280,182	1,975,097
Water	-	-	1,622,863	1,665,136	1,622,863	1,665,136
Solid Waste	-	-	484,628	480,620	484,628	480,620
Airport	-	-	79,820	45,317	79,820	45,317
Transportation Center	-	-	18,869	18,058	18,869	18,058
Total Expenses	<u>5,043,235</u>	<u>6,144,635</u>	<u>4,486,362</u>	<u>4,184,228</u>	<u>9,529,597</u>	<u>10,328,863</u>
Increase(Decrease) in Net Position before transfers, prior period adjustments and extraordinary items	2,489,389	1,139,830	(516,590)	(498,042)	1,972,799	641,788
Transfers	-	-	-	-	-	-
Prior period adjustments	<u>(825,551)</u>	<u>(155,671)</u>	<u>194,258</u>	<u>-</u>	<u>(631,293)</u>	<u>(155,671)</u>
Increase(Decrease) in Net Position	\$ <u>1,663,838</u>	\$ <u>984,159</u>	\$ <u>(322,332)</u>	\$ <u>(498,042)</u>	\$ <u>1,341,506</u>	\$ <u>486,117</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,389,278 an increase of \$1,046,032 in comparison with the prior year. The primary reason for the increase is overall increases in 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 \$381,132.

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 2017-18 General Fund revenue increased by 14.25% in comparison with the prior year. Significant changes were an increase of taxes and assessments of 14.17%, due primarily due to a increase in sales tax. The schedule below reflects the changes during the year. Total General Fund expenditures increased by \$785,233 or 17.76% from the prior fiscal year indicating an increase in general government and public safety.

TABLE 3 - GENERAL FUND REVENUES BY SOURCE

For the periods ending June 30

	2018		2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Taxes and assessments	\$ 5,602,951	88.98%	\$ 4,907,566	89.04%	\$ 695,385	14.17%
Use of money and property:						
Interest	8,567	0.13%	2,580	0.05%	5,987	232.05%
Licenses and permits	46,054	0.73%	35,271	0.64%	10,783	30.57%
Intergovernmental revenues	180,511	2.87%	262,651	4.77%	(82,140)	(31.27)%
Charges for services	175,585	2.79%	202,920	3.68%	(27,335)	(13.47)%
Other revenue	283,129	4.50%	100,576	1.82%	182,553	181.50%
Total	<u>\$ 6,296,797</u>	<u>100.00%</u>	<u>\$ 5,511,564</u>	<u>100.00%</u>	<u>\$ 785,233</u>	<u>14.25%</u>

TABLE 4 - GENERAL FUND EXPENDITURES BY TYPE

For the periods ending June 30

	2018		2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
General Government	\$ 1,164,307	22.07%	\$ 681,646	15.22%	\$ 482,661	70.80%
Public Safety	3,154,975	59.80%	2,991,359	66.79%	163,616	(1.34)%
Transportation	176,902	3.35%	190,639	4.26%	(13,737)	(0.07)%
Cultural, Parks and Recreation	346,527	6.57%	305,057	6.80%	41,470	12.49%
Community/Economic						
Development	16,000	0.30%	27,000	0.60%	(11,000)	(40.74)%
Debt service	306,248	5.80%	283,348	6.33%	22,900	8.08%
Capital outlay	110,706	2.11%	-	0.00%	110,706	100.00%
Total	<u>\$ 5,275,665</u>	<u>100.00%</u>	<u>\$ 4,479,049</u>	<u>100.00%</u>	<u>\$ 796,616</u>	<u>17.76%</u>

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

In the fiscal year ended June 30, 2018, the Water Fund had a decrease in net position of \$286,884 and the Sewer Fund had a decrease in net position of \$177,289. The Solid Waste Fund had a decrease in net position of \$2,542, and the Airport and the Transportation Center have a decrease in net position of \$52,312 and an increase in net position of \$2,437 respectively. A two-year comparison of change in net position for these funds is provided in the following tables.

TABLE 5 - WATER FUND

For the periods ending June 30

	2018		2017		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Water Fund						
Operating Revenues	\$ 1,328,677	6.18%	\$ 1,251,618	6.18%	\$ 77,059	6.18%
Expenses	(1,490,120)	(1.73)%	(1,464,708)	(1.73)%	(25,412)	(1.73)%
Non-operating revenue(expense)	(125,441)	36.20%	(196,614)	36.20%	71,173	36.20%
Net operating transfers	-	(100.00)%	38,905	(100.00)%	38,905	(100.00)%
Change in net position	<u>\$ (286,884)</u>		<u>\$ (370,799)</u>		<u>\$ 83,915</u>	

Water Fund - The net position of the Water Fund decreased in fiscal year 2017-18 and fiscal year 2016-17. Revenues increased by 6.18% while expenses increased by 1.73%. The net effect was a smaller deficit change in net position in fiscal year 2017-18 compared to the deficit in fiscal year 2016-17.

Sewer Fund - The Sewer Fund reported a larger decrease in net position in fiscal year 2017-18 compared to fiscal year 2016-17. Although both revenues and expenses increased, the net effect was still a 6.71% increase in the amount of loss in fiscal year 2017-18 compared to fiscal year 2016-17.

TABLE 6 - SEWER FUND
For the periods ending June 30

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>Percent</u>
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	
Sewer Fund				
Operating Revenues	\$ 2,022,666	\$ 1,882,047	\$ 140,619	7.47%
Expenses	(2,019,748)	(1,757,321)	(262,427)	(14.93)%
Non-operating revenue(expense)	(180,207)	(211,884)	31,677	51.87%
Net operating transfers	-	(38,905)	38,905	<u>(100.00)%</u>
Change in net position	<u>\$ (177,289)</u>	<u>\$ (126,063)</u>	<u>\$ 51,226</u>	

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 2017-18, after Council approved changes, anticipated a shortfall of \$56,356. The results of the General Fund were more favorable than anticipated, with an actual surplus of \$381,132. Revenues in fiscal year 2017-18 were \$275,087, or 4.56%, more than the budget estimate. Expenditures in fiscal year 2017-18 were \$162,401, or 2.67%, less than the budget estimate, primarily due to personnel costs savings in the Police Department and numerous miscellaneous costs savings.

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

TABLE 7 - GENERAL FUND BUDGET-TO-ACTUAL
For the periods ending June 30

	<u>2018</u>			<u>2017</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 6,021,710	\$ 6,296,797	\$ 275,087	\$ 4,856,510	\$ 5,511,564	\$ 655,054
Expenditures	(5,438,066)	(5,164,959)	273,107	(4,766,536)	(4,479,049)	287,487
Operating Result	<u>583,644</u>	<u>1,131,838</u>	<u>548,194</u>	<u>(89,974)</u>	<u>1,032,515</u>	<u>942,541</u>
Capital Outlay	-	(110,706)	(110,706)	-	-	-
Transfers Out	(640,000)	(640,000)	-	-	-	-
Net Result	<u>\$ (56,356)</u>	<u>\$ 381,132</u>	<u>\$ 437,488</u>	<u>\$ (89,974)</u>	<u>\$ 1,032,515</u>	<u>\$ 942,541</u>

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, 2018, was \$12,175,102 and \$12,170,732 respectively. This represented an increase in the net investment (net of corresponding debt) of 1.84% for governmental and a decrease in net investment of 7.89% for business-type activities. The overall decrease was 3.45% for the City as a whole.

TABLE 8 - INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

	<u>2018</u>	<u>2017</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease) \$</u>	<u>(Decrease) %</u>
Governmental Funds	\$ 10,800,000	\$ 11,002,850	\$ 202,850	1.84%
Business-type Funds	\$ 3,660,833	\$ 3,974,213	\$ (313,380)	(7.89)%

Long-term debt (including Compensated Absences). As of June 30, 2018, the City had total debt outstanding of \$10,362,231; this is a decrease from the total debt outstanding at June 30, 2017 of \$576,918. This decrease is due to loan principal pay downs by the City during the current fiscal year.

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

TABLE 9 - TOTAL DEBT
For the periods ending June 30

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	367,886	450,522	109,345	101,612	477,231	552,134
Pension Obligation Bonds	1,375,102	1,598,458	144,898	168,557	1,520,000	1,767,015
2017 Revenue						
Refunding Bonds	<u>-</u>	<u>-</u>	<u>8,365,000</u>	<u>8,620,000</u>	<u>8,365,000</u>	<u>8,620,000</u>
Total	\$ <u>1,742,988</u>	\$ <u>2,048,980</u>	\$ <u>8,619,243</u>	\$ <u>8,890,169</u>	\$ <u>10,362,231</u>	\$ <u>10,939,149</u>

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 \$2,802,041 in sales tax and \$1,077,958 in transactions and use tax in fiscal year 2017-2018. This was the first full year of Transaction and Use tax received by the City. Overall sales and use taxes are up \$648,920 from fiscal year 2016-2017 largely due to this being the first full year of Transaction and Use tax received. In fiscal year 2016-17 only two quarters of transactions and use tax was 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 saved the Sewer Fund \$46,964. In FY 2017-2018 the refinancing saved 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 City of Corning Financial Section 11 refinancing allowed the City to defer future water rate increases, while providing positive cash flow savings.

The City's Water System has an ISO Class II rating. As part of Resolution 06-12-2018-01, the City Council enacted a five-year series of 3.5% annual rate increases intended to maintain a stable cash flow and to assure investors of the stability of the City. Due to decreases in water consumption, further increases will likely be necessary to satisfy the rate covenant requirement as part of the 2016/2017 refunding of the City's water debt.

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 occurred on July 1, 2018. The City will need to consider a future rate increase to ensure the total annual net income for the sewer fund remains positive and to satisfy the rate covenant requirement as part of the 2016/2017 refunding of the City's sewer debt.

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 \$497,179 in State Gas Taxes, Senate Bill 1 funds, and local transportation taxes during the year; that is only \$65.49 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 2017-2018 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 Departments 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. There are four full-time fire dispatchers and a Fire Chief.

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. Beginning in October of 2018 the City initiated a contract with a consulting firm for Public Works Director services. 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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CORNING
STATEMENT OF NET POSITION
June 30, 2018

Statement 1

	Primary Government		
	Governmental Activities	Business Activities	Total
<u>ASSETS</u>			
Cash and Investments (Note 3)			
Available for operations	\$ 4,214,488	\$ 2,520,535	\$ 6,735,023
Restricted	-	231,560	231,560
Receivables (net of allowance for uncollectable)			
Accounts Receivable	-	233,608	233,608
Intergovernmental Receivable	201,515	-	201,515
Receivable from Other Governments	124,247	-	124,247
Other Receivable	9,129	-	9,129
Loans Receivable (CDBG.)	4,174,151	-	4,174,151
Internal balances	-	-	-
Inventory	-	76,280	76,280
Due From Other Funds	29,570	(29,570)	-
Capital Assets (Note 2):			
Unamortized loan acquisition costs	-	260,855	260,855
Land and construction in progress	-	838,088	838,088
Depreciable assets, net	12,175,102	11,332,644	23,507,746
Total Assets	<u>20,928,202</u>	<u>15,464,000</u>	<u>36,392,202</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	1,743,434	459,454	2,202,888
<u>LIABILITIES</u>			
Accounts Payable	80,077	145,010	225,087
Accrued Wages/Payroll Taxes	74,705	16,656	91,361
Accrued Interest Payable	5,039	105,547	110,586
Deposits	-	30,171	30,171
Other Accrued Liabilities	-	-	-
Contract retentions	13,238	-	13,238
Accrued compensated absences:			
Due within one year	45,000	63,197	108,197
Due in more than one year	322,886	46,148	369,034
Long-term debt			
Due within one year	244,269	214,723	458,992
Due in more than one year	1,130,833	8,295,176	9,426,009
Net Pension Liability	5,090,486	1,341,517	6,432,003
Loans	-	-	-
Capital Leases	-	-	-
Total Liabilities	<u>7,006,533</u>	<u>10,258,145</u>	<u>17,264,678</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
GASB 68 Actuarial Adjustments	204,127	53,796	257,923
Unearned Revenue	4,190,763	-	4,190,763
Total Deferred Inflows of Resources	<u>4,394,890</u>	<u>53,796</u>	<u>4,448,686</u>
<u>NET POSITION</u>			
Net investment in capital assets	10,800,000	3,660,833	14,460,833
Restricted for debt service	-	2,031,826	2,031,826
Unrestricted	468,246	(81,146)	387,100
Total Net Position	<u>\$ 11,268,246</u>	<u>\$ 5,611,513</u>	<u>\$ 16,879,759</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2018

Statement 2

	Program Revenues					Net (Expense) Revenue and Changes In Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type	
						Activities	Activities
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General Government:							
City Council	\$ 22,642	\$ -	\$ -	\$ -	\$ (22,642)	\$ -	
City Administration	139,926	-	-	-	(139,926)	-	
City Clerk	9,009	-	-	-	(9,009)	-	
City Treasurer	577	-	-	-	(577)	-	
City Finance	50,416	-	-	-	(50,416)	-	
General Government	<u>1,128,017</u>	<u>133,468</u>	<u>-</u>	<u>28,661</u>	<u>(965,888)</u>	<u>-</u>	
Total General Government	<u>1,350,587</u>	<u>133,468</u>	<u>-</u>	<u>28,661</u>	<u>(1,188,458)</u>	<u>-</u>	
Public Safety and Judiciary:							
Legal Services	85,242	-	-	-	(85,242)	-	
Police	1,814,073	7,551	65,721	-	(1,740,801)	-	
Police Dispatch	444,341	-	-	-	(444,341)	-	
Animal Control	93,421	-	-	-	(93,421)	-	
Fire	<u>559,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(559,018)</u>	<u>-</u>	
Total Public Safety and Judiciary	<u>2,996,095</u>	<u>7,551</u>	<u>65,721</u>	<u>-</u>	<u>(2,922,823)</u>	<u>-</u>	
Transportation:							
Airport	-	-	-	-	-	-	
Streets	<u>367,908</u>	<u>-</u>	<u>343,502</u>	<u>145,660</u>	<u>121,254</u>	<u>-</u>	
Total Transportation	<u>367,908</u>	<u>-</u>	<u>343,502</u>	<u>145,660</u>	<u>121,254</u>	<u>-</u>	
Cultural, Parks and Recreation							
Library	17,390	-	-	-	(17,390)	-	
Theater	8,219	-	-	-	(8,219)	-	
Parks and Recreation	<u>288,319</u>	<u>51,346</u>	<u>-</u>	<u>-</u>	<u>(236,973)</u>	<u>-</u>	
Total Cultural, Parks and Recreation	<u>313,928</u>	<u>51,346</u>	<u>-</u>	<u>-</u>	<u>(262,582)</u>	<u>-</u>	
Community/Economic Development:							
Economic Development	<u>14,717</u>	<u>-</u>	<u>-</u>	<u>268,578</u>	<u>253,861</u>	<u>-</u>	
Total Community/Economic Development	<u>14,717</u>	<u>-</u>	<u>-</u>	<u>268,578</u>	<u>253,861</u>	<u>-</u>	
Business-Type Activities							
Sewer	2,280,182	1,890,497	-	-	-	(389,685)	
Water	1,622,863	1,316,790	-	-	-	(306,073)	
Solid Waste	484,628	481,769	-	-	-	(2,859)	
Airport	79,820	-	-	-	-	(79,820)	
Transportation	<u>18,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,869)</u>	
Total Business-Type Activities	<u>4,486,362</u>	<u>3,689,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(797,306)</u>	
Total	<u>\$ 9,529,597</u>	<u>\$ 3,881,421</u>	<u>\$ 409,223</u>	<u>\$ 442,899</u>	<u>\$ (3,998,748)</u>	<u>\$ (797,306)</u>	

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2018

Statement 2
(Continued)

CHANGES IN NET POSITION:

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Activities</u>	<u>Total</u>
Net (Expense)/Revenue	\$ (3,998,748)	\$ (797,306)	\$ (4,796,054)
General Revenues:			
Taxes			
Sales and Use Taxes	3,910,283	-	3,910,283
Property Taxes	545,871	-	545,871
Franchise Taxes	130,276	-	130,276
Vehicle License Fees	592,977	-	592,977
Transit Occupancy Tax	423,362	-	423,362
Other Taxes	286,943	-	286,943
Intergovernmental	163,640	-	163,640
Investment Income	22,978	88,219	111,197
Donations	-	-	-
Other	411,804	192,497	604,301
Transfers - Internal Activity	3	-	3
Total General Revenues and Transfers	<u>6,488,137</u>	<u>280,716</u>	<u>6,768,853</u>
Change in Net Position	2,489,389	(516,590)	1,972,799
Net Position - Beginning of Year	9,606,375	5,933,845	15,540,220
Prior Period Adjustment	(827,518)	194,258	(633,260)
Residual Equity Transfers In (Out)	-	-	-
Net Position - Ending of Year	<u>\$ 11,268,246</u>	<u>\$ 5,611,513</u>	<u>\$ 16,879,759</u>

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CORNING
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

Statement 3

ASSETS	General Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Cash and Investments	\$ 2,075,258	\$ 2,139,230	\$ 4,214,488
Intergovernmental Receivable	-	201,515	201,515
Notes Receivable (C.D.B.G.)	-	4,174,151	4,174,151
Receivable from Other Governments	124,247	-	124,247
Other Receivable	9,129	-	9,129
Due From Other Funds	<u>306,387</u>	<u>-</u>	<u>306,387</u>
Total Assets	<u>2,515,021</u>	<u>\$ 6,514,896</u>	<u>\$ 9,029,917</u>
 LIABILITIES			
Accounts Payable	\$ 31,900	\$ 48,177	\$ 80,077
Accrued Wages/Payroll Taxes	74,705	-	74,705
Due to Other Funds	-	276,817	276,817
Contract retentions	13,238	-	13,238
Other liabilities	<u>5,039</u>	<u>-</u>	<u>5,039</u>
Total Liabilities	<u>124,882</u>	<u>324,994</u>	<u>449,876</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Building Permits	16,612	-	16,612
Deferred Revenue - Loans Receivable	<u>-</u>	<u>4,174,151</u>	<u>4,174,151</u>
Total Inflows of resources	<u>16,612</u>	<u>4,174,151</u>	<u>4,190,763</u>
 FUND BALANCES			
Restricted for contingences	625,000	-	625,000
Unassigned	1,748,527	-	1,748,527
Unassigned - Special Revenues Funds	-	1,336,415	1,336,415
Unassigned - Capital Projects Funds	<u>-</u>	<u>679,336</u>	<u>679,336</u>
Total Fund Balances	<u>2,373,527</u>	<u>2,015,751</u>	<u>4,389,278</u>
Total Liabilities and Fund Balances	<u>\$ 2,515,021</u>	<u>\$ 6,514,896</u>	<u>\$ 9,029,917</u>

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

Total Fund Balance - Total Governmental Funds		\$ 4,389,278
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.		12,175,102
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Deferred Outflows of Resources		1,743,434
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Deferred Inflows of Resources	\$ (204,127)	
Pension obligation Bonds	(1,375,102)	
Accrued Compensated Absences	(367,886)	
Net leases	-	
Net Pension Liability	<u>(5,090,486)</u>	<u>(7,037,601)</u>
Net Position of Governmental Activities		<u>\$ 11,270,213</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, 2018

Statement 4

	<u>General fund</u>	<u>Non-Major Governmental funds</u>	<u>Total Governmental funds</u>
REVENUES:			
Taxes	\$ 5,602,951	\$ 286,761	\$ 5,889,712
Intergovernmental Revenues	180,511	835,251	1,015,762
Interest	8,567	14,411	22,978
Licenses and Permits	46,054	-	46,054
Miscellaneous	458,714	99,401	558,115
Total Revenues	<u>6,296,797</u>	<u>1,235,824</u>	<u>7,532,621</u>
EXPENDITURES:			
Current:			
General Government:			
City Council	25,315	-	25,315
City Administration	156,448	-	156,448
City Clerk	10,073	-	10,073
City Treasurer	646	-	646
City Finance	56,368	-	56,368
General Government	915,457	345,754	1,261,211
Total General Government	<u>1,164,307</u>	<u>345,754</u>	<u>1,510,061</u>
Public Safety and Judiciary:			
Legal Services	95,306	-	95,306
Police	1,833,384	194,889	2,028,273
Police Dispatch	496,808	-	496,808
Animal Control	104,452	-	104,452
Fire	625,025	-	625,025
Total Public Safety and Judiciary	<u>3,154,975</u>	<u>194,889</u>	<u>3,349,864</u>
Transportation:			
Streets	176,902	234,447	411,349
Total Transportation	<u>176,902</u>	<u>234,447</u>	<u>411,349</u>
Cultural, Parks and Recreation			
Library	19,444	-	19,444
Theater	9,189	-	9,189
Parks and Recreation	317,894	4,563	322,457
Total Cultural, Parks and Recreation	<u>346,527</u>	<u>4,563</u>	<u>351,090</u>
Community/Economic Development:			
Economic Development	16,000	455	16,455
Total Community/Economic Development	<u>16,000</u>	<u>455</u>	<u>16,455</u>
Debt Service:			
Principal	97,443	-	97,443
Interest and Other Charges	208,805	-	208,805
Capital Outlay	110,706	430,819	541,525
Total Expenditures	<u>5,275,665</u>	<u>1,210,927</u>	<u>6,486,592</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,021,132</u>	<u>24,897</u>	<u>1,046,029</u>
OTHER FINANCING SOURCES (USES)			
Debt Proceeds	-	-	-
Transfers In / Out	(640,000)	640,003	3
Total Other Financing Sources and (Uses)	<u>(640,000)</u>	<u>640,003</u>	<u>3</u>
Net Change in Fund Balances	381,132	664,900	1,046,032
Fund Balances-Beginning of Year	1,992,395	1,352,246	3,344,641
Prior period adjustment	-	(1,395)	(1,395)
Fund Balances-End of Year	<u>\$ 2,373,527</u>	<u>\$ 2,015,751</u>	<u>\$ 4,389,278</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, 2018

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 \$ 1,046,032

Amounts reported for governmental activities in the Statement of
Activities and changes in Net Position are different because:

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

Capital assets purchases capitalized	541,525	
Donated Infrastructure not included in capital outlay	297,103	
Depreciation expense	<u>(352,720)</u>	485,908

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:

Bond proceeds	-	
Bond Principal Retirement	<u>97,443</u>	97,443

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:

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

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

Net Pension Liability		739,413
Accrued compensated absences		<u>120,593</u>

Change in Net Position of Governmental Activities	\$	<u><u>2,489,389</u></u>
---	----	-------------------------

CITY OF CORNING
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

Statement 5

	<u>Enterprise Funds</u>
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash and Investments	\$ 2,520,535
Accounts Receivable	233,608
Inventory	76,280
Total Current Assets	<u>2,830,423</u>
<u>Noncurrent Assets:</u>	
Capital Assets:	
Land and Construction in Progress	838,088
Property, Plant, and Equipment	25,530,393
Accumulated Depreciation	(14,197,749)
Net Capital Assets	<u>12,170,732</u>
Loan Acquisition Costs	279,610
Accumulated Amortization	(18,755)
Net Loan Acquisition Costs	<u>260,855</u>
Restricted Assets	<u>231,560</u>
Total Noncurrent Assets	<u>12,663,147</u>
Deferred Outflows of Resources	
Pension Contribution	459,454
Total Assets	<u>\$ 15,953,024</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 145,010
Accrued Wages/Payroll Taxes	16,656
Other Accrued Liabilities	29,570
Accrued Interest Payable	105,547
Deposits	30,171
Current Portion of Non-Current Liabilities	277,920
Total Current Liabilities	<u>604,874</u>
<u>Noncurrent Liabilities:</u>	
Notes, Bonds and Certificates Payable	8,231,979
Accrued Compensated Absences	109,346
Net Pension Liability	1,341,517
Loans	-
Total Noncurrent Liabilities	<u>9,682,842</u>
Total Liabilities	<u>10,287,716</u>
<u>Deferred Inflows of Resources</u>	
GASB 68 Actuarial Adjustments	<u>53,795</u>
<u>NET POSITION:</u>	
Investment in Capital Assets, net of related debt	3,660,833
Restricted for debt service	2,031,826
Unrestricted	(81,146)
Total Net Position	<u>\$ 5,611,513</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, 2018

Statement 6

	<u>Enterprise Funds</u>
OPERATING REVENUES:	
Charges for Services	
Sewer Charges	\$ 1,890,497
Water Charges	1,306,390
Solid Waste	481,769
Connection Fees	10,400
Lease and Rents	40,580
Other revenue	151,917
Total Operating Revenues	<u>3,881,553</u>
OPERATING EXPENSES:	
Salaries and Benefits	1,433,746
Utilities	314,870
Depreciation	672,026
Amortization	9,472
Other Expenses	1,663,071
Total Operating Expenses	<u>4,093,185</u>
Operating Income	<u>(211,632)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	88,219
Interest expense	(393,177)
Total Nonoperating Revenue (Expenses)	<u>(304,958)</u>
Income Before Contributions and Transfers	(516,590)
Operating transfers in (out)	<u>-</u>
Net income (Loss)	(516,590)
Net Position-Beginning of Year - As previously stated	5,933,845
Prior period adjustment	194,258
Net Position - Beginning of Year	<u>6,128,103</u>
Residual Equity Transfers In	280,374
Residual Equity Transfers Out	(280,374)
Net Position - End of Year	<u>\$ 5,611,513</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2018

Statement 7

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 3,658,543
Other Operating Cash Receipts	187,197
Payments to Suppliers	(1,898,429)
Payments to Employees	(1,239,507)
Net Cash Provided (Used) by Operating Activities	<u>707,804</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	(386,794)
Repayment of Certificates of Participation	(278,658)
Repayment of Loan Payable: Mid Valley Bank	6,809
Changes in GASB 68 amounts	343,166
Payments for capital acquisitions	(80,115)
Net cash (used by) capital and related financing activities	<u>(395,592)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Receipts of interest	<u>88,219</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>400,431</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,351,738</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,752,169</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ (211,632)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used by) Operating Activities:	
Depreciation/Amortization	681,498
Prior period adjustments	187,449
Decrease (Increase) in Accounts Receivable	(35,675)
Decrease (Increase) in Inventory	(755)
Decrease (Increase) in Prepaid Assets	75,525
Increase (Decrease) in Accounts Payable	(31,211)
Increase (Decrease) in Wages Payable	6,790
Increase (Decrease) in Accrued Compensation	-
Increase (Decrease) in Due to Other Funds	29,570
Increase (Decrease) in Interest Payable	6,383
Increase (Decrease) in Deposits	(138)
Net cash from (used for) operating activities	<u>\$ 707,804</u>

See accompanying notes to the basic financial statements.

**CITY OF CORNING
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

Statement 8

	<u>Private Purpose Trust Funds</u>
<u>ASSETS</u>	
Cash and Investments	\$ 288,672
Total Assets	<u>\$ 288,672</u>
<u>Net Position</u>	
Held in trust for:	
Scholarships	\$ 25,324
Library Systems	<u>263,348</u>
Total Net Position	<u>\$ 288,672</u>

CITY OF CORNING
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

Statement 9

	<u>Private Purpose Trust Funds</u>
<u>Additions:</u>	
Interest Income	\$ 1,948
Total Revenues	<u>1,948</u>
<u>Deductions:</u>	
Scholarships	250
Capital Outlay	-
Other Deductions	-
Total Deductions	<u>250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,698</u>
Change in Net Position	<u>1,698</u>
Net Position - Beginning of the Year	286,974
Residual Equity Transfers	-
Net Position - End of the Year	<u>\$ 288,672</u>

BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018**

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, 2018

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, 2018

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, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018

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, 2018**

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, 2018**

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

Deficit Fund Balance/Net Assets

See supplemental information on page 120.

NOTE 2: DETAILED NOTES

Cash and Investments

As of June 30, 2018, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 6,966,583
Agency funds	<u>288,672</u>
Total Cash and Investments	<u>\$ 7,255,255</u>

As of June 30, 2018, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 1,600
Deposits (less outstanding checks)	<u>4,421,045</u>
Total Cash	<u>4,422,645</u>

As of June 30, 2018, the City's investments consisted of the following:

Investments:	
In California Local Agency Investment Fund (at market):	<u>2,832,610</u>
Total Investments	<u>2,832,610</u>
Total Cash and Investments	<u>\$ 7,255,255</u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$4,150,590 and the bank balance was \$4,720,589. 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

(Continued on the following page).

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2: DETAILED NOTES (Continued)

Cash and Investments (Continued)

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 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, 2018, 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, 2018, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$2,832,610. 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.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2: DETAILED NOTES (Continued)

Cash and Investments (Continued)

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.

Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2018</u>
<i>Governmental Activities:</i>					
Capital Assets, Being Depreciated:					
Buildings	1,639,886	35,000	-	-	1,674,886
Parks	4,054,451	90,706	-	-	4,145,157
Fire Department	1,444,051	155,088	-	-	1,599,139
Police Department	657,938	82,509	(129,759)	-	610,688
Machinery and equipment	682,321	-	-	28,913	711,234
Infrastructure	<u>7,887,960</u>	<u>256,423</u>	<u>-</u>	<u>(300,068)</u>	<u>7,844,315</u>
Total Capital Assets, Being Depreciated	16,366,607	619,726	(129,759)	(271,155)	16,585,419
Less Accumulated Depreciation	<u>(4,580,272)</u>	<u>(352,720)</u>	<u>119,316</u>	<u>-</u>	<u>(4,813,676)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,786,335</u>	<u>267,006</u>	<u>(10,443)</u>	<u>(271,155)</u>	<u>11,771,743</u>
Total Governmental Activities, Net	<u>\$ 11,786,335</u>	<u>\$ 267,006</u>	<u>\$ (10,443)</u>	<u>\$ (271,155)</u>	<u>\$ 11,771,743</u>
<i>Business-Type Activities:</i>					
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	33,158	-	-	620,934
Utility Property	<u>22,135,789</u>	<u>46,830</u>	<u>-</u>	<u>-</u>	<u>22,182,619</u>
Total Capital Assets, Being Depreciated	<u>25,450,405</u>	<u>79,988</u>	<u>-</u>	<u>-</u>	<u>25,530,393</u>
Less Accumulated Depreciation	<u>(13,525,723)</u>	<u>(672,026)</u>	<u>-</u>	<u>-</u>	<u>(14,197,749)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,924,682</u>	<u>(592,038)</u>	<u>-</u>	<u>-</u>	<u>11,332,644</u>
Total Business-type Activities, Net	<u>\$ 12,762,770</u>	<u>\$ (592,038)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,170,732</u>

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2: DETAILED NOTES (Continued)

Capital Assets (Continued)

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2018</u>
Loan Acquisition Costs:					
Loan Acquisition Costs	\$ 279,610	\$ -	\$ -	\$ -	\$ 279,610
Less Accumulated amortization	<u>(9,410)</u>	<u>-</u>	<u>(9,410)</u>	<u>-</u>	<u>(18,820)</u>
Loan Acquisition costs, net of amortization	<u>\$ 270,200</u>	<u>\$ -</u>	<u>\$ (9,410)</u>	<u>\$ -</u>	<u>\$ 260,790</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 94,457
Public Safety and Judiciary	209,542
Transportation	25,731
Culture Parks and Recreation	21,961
Community Economic Development	<u>1,029</u>
Total Depreciation Expense -- Governmental Functions	<u>\$ 352,720</u>

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

Sewer	\$ 488,154
Solid Waste	-
Airport	33,132
Transportation	-
Water	<u>150,740</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 672,026</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, 2018.

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, 2018**

NOTE 2: 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, 2018, the components of unearned revenue consisted of off-sets to notes receivable in the amount of \$4,174,151, in addition there was unearned revenue in the General Fund in the amount of \$16,612.

Long-term Debt

Long-term debt for the year ended June 30, 2018, was as follows:

	Balance		Adjustments/	Balance	Amounts
	July 1, 2017	Additions	Retirements	June 30, 2018	Due Within
					One Year
Governmental Activities					
Pension Obligation Bonds	\$ 1,598,458	\$ -	\$ (223,356)	\$ 1,375,102	\$ 244,269
Compensated Absences (Note 1)	<u>450,522</u>	<u>111,954</u>	<u>(194,590)</u>	<u>367,886</u>	<u>45,000</u>
Total Government Activities	<u>\$ 2,048,980</u>	<u>\$ 111,954</u>	<u>\$ (417,946)</u>	<u>\$ 1,742,988</u>	<u>\$ 269,366</u>
Business-Type Activities					
2017 Water and Sewer Revenue Refunding Bonds	\$ 8,620,000	\$ -	\$ (255,000)	\$ 8,365,000	\$ 220,000
Pension Obligation Bonds	168,557	-	(23,659)	144,898	25,731
Compensated Absences (Note 1)	<u>104,994</u>	<u>68,014</u>	<u>(63,662)</u>	<u>109,346</u>	<u>63,197</u>
Total Business-Type Activities	<u>\$ 8,890,169</u>	<u>\$ 68,014</u>	<u>\$ (342,321)</u>	<u>\$ 8,619,244</u>	<u>\$ 341,831</u>

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2: DETAILED NOTES (Continued)

Long-term Debt (Continued)

At June 30, 2018, loans consisted of the following:

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, 2018 at no premium.

The annual aggregate maturities for the years subsequent to June 30, 2018, are disclosed in the other disclosures section on pages 54 through 59.

Operating Leases

Rental expenses incurred under operating leases are not considered material.

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, 2018**

NOTE 2: 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, 2018:

<u>Due To:</u>		<u>Due From:</u>	
General Fund	\$ 306,387	BCJI Program Fund	\$ 153,937
		Parks and Recreation Revolving Fund	2,462
		Rural Planning Grant Fund	2,334
		Housing Rehabilitation RLF Fund	1,820
		Street Scape Fund	76,829
		DWR SGMA Grant Fund	163
		Promise Grant Fund	208
		Proposition 47 Grant Fund	36,130
		Promotion Neighborhood Grant Fund	2,934
		Sewer Enterprise Fund	<u>29,570</u>
Total	\$ <u>306,387</u>		\$ <u>306,387</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, 2018:

<u>Transfer From:</u>		<u>Transfer To:</u>	
General Fund	\$ 640,000	Equipment Replacement Fund - Pub Wks	\$ 226,655
		Equipment Replacement Fund - Fire	220,585
		Equipment Replacement Fund - Police	192,760
Sewer Enterprise Fund	350,000	WWTP Capital Replacement Fund	85,000
		Sewer Capital Replacement Fund	40,000
		WWTP Debt Service Fund	225,000
Water Enterprise Fund	157,000	Water Capital Replacement Fund	157,000
Water Capital Replacement fund	<u>78,500</u>	Short Lived Water Reserve Fund	<u>78,500</u>
Total	\$ <u>1,225,500</u>		\$ <u>1,225,500</u>

Continued on the following page

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 3: 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, 2018**

NOTE 3: 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, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Contributions - Employer	\$ 180,370	\$ 130,449
Contributions - Employee (Paid by employer)	\$ 103,695	\$ 128,508

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

As of June 30, 2018, 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>3,645,767</u>	\$ <u>2,786,236</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, 2018 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 2018 was as follows:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Proportion - June 30, 2016	<u>0.06074%</u>	<u>0.06836%</u>
Proportion - June 30, 2017	<u>0.06101%</u>	<u>0.07068%</u>
Change, Increase (Decrease)	<u>0.00027%</u>	<u>0.00232%</u>

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3: Retirement Plans (Continued)

For the year ended June 30, 2018, the Local Government recognized pension expense of \$1,080,256. At June 30, 2018, the Local Government reported deferred outflows of resources related to pensions from the following sources:

Pension contributions subsequent to measurement date	\$ 507,476
Differences between actual and expected experience	43,941
Differences between Projected and Actual Investment Earnings	234,398
Changes in assumptions	1,057,313
Change in employer's proportion	179,220
Differences between the employer's contributions and the employer's proportionate share of contributions	<u>180,541</u>
Total	<u>\$ 2,202,889</u>

At June 30, 2018, the Local Government reported deferred inflows of resources related to pensions from the following sources:

Differences between actual and expected Investment experience	\$ 65,380
Changes in assumptions	80,895
Change in employer's proportion	65,204
Differences between the employer's contributions and the employer's proportionate share of contributions	<u>46,442</u>
Total	<u>\$ 257,922</u>

\$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, 2018. 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>
2019	\$ 340,794	\$ 91,847
2020	391,277	311,073
2021	241,348	199,230
2022	(74,209)	(63,868)
2023	-	-
Thereafter	-	-

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 3: Retirement Plans (Continued)

Actuarial Methods and Assumption Used to Determine Total Pension Liability

The June 30, 2018 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, 2018-----	
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, 2017 valuation were based on the results of a January 2016 actuarial experience study for the period 1997 to 2016. Further details of the Experience Study can be found on the CalPERS website.

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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 3: Retirement Plans (Continued)

Discount Rate (Continued)

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 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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 3: Retirement Plans (Continued)

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	6.15% \$ 5,567,324	6.15% \$ 4,354,130
Current Discount Rate Net Pension Liability	7.15% \$ 3,645,767	7.15% \$ 2,786,236
1% Increase Net Pension Liability	8.15% \$ 2,074,990	8.15% \$ 1,487,678

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 4: 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. GASB 75 requires additional disclosure which management has determined to be immaterial.

NOTE 5: 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

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5: RISK MANAGEMENT (Continued)

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 \$50,000 of each loss. Participating cities shared in loss occurrences in excess of \$50,000 up to \$500,000 for fiscal year 2018. Coverage in excess of \$500,000 is provided through the California Joint Powers Insurance Risk Management Authority, a joint power authority organized to provide excess coverage for its members. Specific coverage includes: comprehensive and general liability, personal injury, contractual liability, errors and omissions, and auto liability.

Worker's Compensation Insurance: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. The City self insured for the first \$100,000 of each loss. Participating cities shared in loss occurrences in excess of \$100,000 up to \$500,000. For coverage above the \$500,000 the city has purchased excess coverage with limits of \$5,000,000 per occurrence.

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, 2018:

Assets	\$ <u>57,315,358</u>
Liabilities	41,696,368
Fund Equity-Reserved for Insurance	
Claims and Losses:	<u>15,618,990</u>
Total Fund Equity	<u>15,618,990</u>
Total Liabilities and Fund Equity	\$ <u>57,315,358</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, 2018, 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.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6: 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.

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	Refunding Original Bonds	2017	\$ 8,620,000	2048

Subsequent Event

Management has evaluated events subsequent to June 30, 2018 through December 18, 2018, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

NOTE 7: 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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 8: 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 9: RESERVES AND DESIGNATIONS OF FUND EQUITY

Under provisions of GASB Code Section 1800.121-123, a City may set up "Reserves" of Fund Equity to 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, 2018, 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.

(Continued on the following page)

CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Beneficiary. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant.

NOTE 11: 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.

(Continued on the following page)

**CITY OF CORNING, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 12: PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were recorded in the fiscal year ended June 30, 2018:

The General Fixed Assets represent Governmental fixed assets that, under GASB 34 are only reported in the government wide statements on pages 13 through 15. The balance in fiscal year June 30, 2017 reflected \$826,123 in construction in progress for the Streets Improvement project that were also capitalized in the City's infrastructure under GASB 34. The prior period adjustment corrects the double valuation of the infrastructure but has no effect on the City's capital position as it is offset by an offsetting investment in general fixed assets that is also not carried in the City's governmental funds.

The City posted prior period adjustments to various funds totaling (\$1,395) to record the write-off of old outstanding checks that were stale dated and written off the City's books as well as closing out minor amounts in old unused funds.

The City's proprietary funds were adjusted by \$194,258 reflecting the final adjustments of the recording of the 2017 Water and Sewer Revenue Refunding Bonds. The highly complex transactions that surrounded the refinancing of the bulk of the City's outstanding debt in fiscal year ended June 30, 2017, resulted in additional transactions that took place following the end of the prior fiscal year that affected those balances.

REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CORNING
REQUIRED SUPPLEMENTARY INFORMATION - PENSION AND OPEB
As of June 30, 2018
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>			
	2015	2016	2017	2018	2015	2016	2017	2018
City's proportion of the net pension liability	<u>0.67300%</u>	<u>0.72900%</u>	<u>0.71170%</u>	<u>0.07068%</u>	<u>0.56370%</u>	<u>0.64300%</u>	<u>0.66500%</u>	<u>0.06101%</u>
City's proportionate share of the net pension liability	<u>\$ 1,664,056</u>	<u>\$ 1,659,380</u>	<u>\$ 2,374,865</u>	<u>\$ 2,785,236</u>	<u>\$ 2,114,718</u>	<u>\$ 2,342,743</u>	<u>\$3,145,751</u>	<u>\$3,645,767</u>
City's covered-employee payroll	<u>\$ 997,095</u>	<u>\$ 1,098,749</u>	<u>\$ 1,065,971</u>	<u>\$ 1,189,563</u>	<u>\$ 1,920,580</u>	<u>\$ 1,859,893</u>	<u>\$1,812,955</u>	<u>\$1,935,497</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>222.79%</u>	<u>234.14%</u>	<u>110.11%</u>	<u>125.96%</u>	<u>173.52%</u>	<u>188.36%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.03%</u>	<u>83.37%</u>	<u>74.45%</u>	<u>74.45%</u>	<u>81.41%</u>	<u>79.81%</u>	<u>72.41%</u>	<u>72.41%</u>

Notes to Schedule:

Change of benefit terms — In 2018, there were no changes to the benefit terms.

Changes in assumptions — In 2018, there were certain changes in assumptions. See Note 3 for current changes.

Schedule of Plan Contributions

	2015	2016	2017	2018	2015	2016	2017	2018
Contractually required contribution (actuarially determined)	\$ 139,815	\$ 157,234	\$ 140,429	\$ 233,661	\$ 451,833	\$ 601,159	\$ 435,601	\$ 273,815
Contributions in relation to the contractually required contributions	<u>(139,815)</u>	<u>(157,234)</u>	<u>(140,429)</u>	<u>(233,661)</u>	<u>(451,833)</u>	<u>(601,159)</u>	<u>(435,601)</u>	<u>(273,815)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	<u>\$ 997,095</u>	<u>\$ 1,098,749</u>	<u>\$ 1,065,971</u>	<u>\$ 1,189,563</u>	<u>\$ 1,920,580</u>	<u>\$ 1,859,893</u>	<u>\$1,812,955</u>	<u>\$1,935,497</u>
Contributions as a percentage of covered-employee payroll	<u>14.02%</u>	<u>14.31%</u>	<u>13.17%</u>	<u>19.64%</u>	<u>23.53%</u>	<u>32.32%</u>	<u>24.03%</u>	<u>14.15%</u>

* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City's management has determined that there is no material on-going obligation for Post-Employment Benefits, therefore no historical or prospective data in accordance with GASB 75 is presented.

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

ADDITIONAL DISCLOSURES

DEBT SERVICE REQUIREMENTS

2017 Refunding Bonds
Installment Payment Schedule for Bonded Debt

Water Refunding		Sewer Refunding	
Principal Amount	Maturity Date (September 1)	Principal Amount	Maturity Date (September 1)
\$ 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>\$ 3,345,000</u>		<u>\$ 3,490,000</u>	

(Continued on the following page)

CITY OF CORNING
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

ADDITIONAL DISCLOSURES, Continued

DEBT SERVICE REQUIREMENTS, Continued

Pension Obligation Bonds				
General Fund Principal Amount	Water Fund Principal Amount	Sewer Fund Principal Amount	Total Principal Amount	Maturity Date (Quarterly)
\$ 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>264,131</u>	<u>18,012</u>	<u>9,857</u>	<u>292,000</u>	2023
<u>\$ 1,375,102</u>	<u>\$ 93,902</u>	<u>\$ 50,996</u>	<u>\$ 1,520,000</u>	

OTHER DISCLOSURES

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

- A. Segment information for certain individual Enterprise Funds. This requirement is met by Note 1.
- B. Summary disclosure of debt service requirements to maturity of all types of outstanding debt. This requirement is met by Note 2.
- C. Summary disclosure of changes in General Fixed Assets by major asset class. This requirement is met by Note 2.
- D. Summary disclosure of changes in General Long-Term Debt. This requirement is met by Note 2.
- E. Excess of expenditures over appropriations in individual funds for the year ended June 30, 2018 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, 2018 are reflected in a schedule following the individual fund and account group statements beginning at page 91.
- G. The City uses interfund transfers to supplant the budgets of various funds using general and enterprise surpluses to offset funding shortfalls with Council approval.
- H. Deficit fund balances of \$6,477, \$5,757 and \$24,198 exist in the CDBG Program Income Special Revenue Fund, the Housing Element Special Revenue Fund and the 08/09 CDBG Special Revenue Funds respectively. These deficits represent expenditures on housing project maintenance in excess of corresponding revenues. The Deficits will be liquidated with future CDBG funding.

**CITY OF CORNING
GENERAL FUND**

Exhibit A-3

**Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Taxes				
Sales and Use Taxes	\$ 3,713,000	3,713,000	\$ 3,910,283	\$ 197,283
Property Taxes	528,400	528,400	545,871	17,471
Franchise Taxes	119,000	119,000	130,276	11,276
Vehicle License Fees	571,000	571,000	592,977	21,977
Transient Occupancy Tax	410,000	410,000	423,362	13,362
Other Taxes	8,000	8,000	182	(7,818)
Total Taxes	5,349,400	5,349,400	5,602,951	253,551
Intergovernmental Revenues	147,100	147,100	180,511	33,411
Interest	1,000	1,000	8,567	7,567
Licenses and Permits	85,000	85,000	46,054	(38,946)
Miscellaneous	438,210	438,210	458,714	20,504
Other Financing Sources:				
Operating Transfers In	1,000	1,000	-	(1,000)
Amount Available for Appropriation	6,021,710	6,021,710	6,296,797	275,087
Charges to Appropriations (Outflows):				
City Council				
Personnel Services	19,500	19,500	19,054	446
Material and Supplies	1,900	1,900	1,350	550
Other Services and Charges	5,900	5,900	4,911	989
Total City Council	27,300	27,300	25,315	1,985
City Administration				
Personnel Services	135,231	135,231	148,534	(13,303)
Material and Supplies	2,100	2,100	1,184	916
Other Services and Charges	5,150	5,150	6,730	(1,580)
Total City Administration	142,481	142,481	156,448	(13,967)
City Clerk				
Personnel Services	4,550	4,550	4,569	(19)
Material and Supplies	13,300	13,300	5,280	8,020
Other Services and Charges	650	650	224	426
Total City Clerk	18,500	18,500	10,073	8,427
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	27,586	27,586	23,998	3,588
Material and Supplies	2,600	2,600	2,006	594
Other Services and Charges	30,250	30,250	30,364	(114)
Total City Finance Department	60,436	60,436	56,368	4,068

(Continued)

See accompanying footnotes to
the basic financial statements.

CITY OF CORNING
and Changes in Fund Balances - Budget and Actual
For the Fiscal Years ended June 30, 2018

Exhibit A-3

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government				
Personnel Services	374,458	374,458	390,645	(16,187)
Material and Supplies	14,900	14,900	16,746	(1,846)
Other Services and Charges	583,030	583,030	508,066	74,964
Total General Government	972,388	972,388	915,457	56,931
Legal Services				
Other Services and Charges	71,900	71,900	95,306	(23,406)
Total Legal Services	71,900	71,900	95,306	(23,406)
Police				
Personnel Services	1,801,781	1,801,781	1,715,151	86,630
Material and Supplies	4,500	4,500	5,190	(690)
Other Services and Charges	89,320	89,320	113,043	(23,723)
Total Police	1,895,601	1,895,601	1,833,384	62,217
Police Dispatch				
Personnel Services	430,902	430,902	407,489	23,413
Material and Supplies	6,000	6,000	5,284	716
Other Services and Charges	74,000	74,000	84,035	(10,035)
Total Police Dispatch	510,902	510,902	496,808	14,094
Animal Control				
Personnel Services	70,200	70,200	70,327	(127)
Material and Supplies	5,900	5,900	3,775	2,125
Other Services and Charges	36,800	36,800	30,350	6,450
Total Animal Control	112,900	112,900	104,452	8,448
Fire				
Personnel Services	500,414	500,414	528,581	(28,167)
Material and Supplies	4,000	4,000	3,844	156
Other Services and Charges	77,050	77,050	92,600	(15,550)
Total Fire	581,464	581,464	625,025	(43,561)
Streets				
Personnel Services	262,453	262,453	91,529	170,924
Material and Supplies	6,000	6,000	66	5,934
Other Services and Charges	68,500	68,500	85,307	(16,807)
Total Streets	336,953	336,953	176,902	160,051
Library				
Personnel Services	-	-	724	(724)
Material and Supplies	250	250	3,293	(3,043)
Other Services and Charges	19,350	19,350	15,427	3,923
Total Library	19,600	19,600	19,444	156
Theater				
Personnel Services	-	-	-	-
Material and Supplies	-	-	-	-
Other Services and Charges	22,250	22,250	9,189	13,061
Total Theater	22,250	22,250	9,189	13,061

(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, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation				
Personnel Services	162,971	162,971	223,999	(61,028)
Material and Supplies	58,000	58,000	35,627	22,373
Other Services and Charges	136,070	136,070	58,268	77,802
Total Parks and recreation	<u>357,041</u>	<u>357,041</u>	<u>317,894</u>	<u>39,147</u>
Economic Development				
Personnel Services	-	-	-	-
Material and Supplies	-	-	-	-
Other Services and Charges	21,500	21,500	16,000	5,500
Total Economic Development	<u>21,500</u>	<u>21,500</u>	<u>16,000</u>	<u>5,500</u>
Debt Service	286,200	286,200	306,248	(20,048)
Capital Outlay	-	-	110,706	(110,706)
Operating Transfer Out	640,000	640,000	640,000	-
Total Charges to Appropriations	<u>6,078,066</u>	<u>6,078,066</u>	<u>5,915,665</u>	<u>162,401</u>
Excess (Deficiency) of Resources Over Appropriations	\$ <u>(56,356)</u>	\$ <u>(56,356)</u>	\$ <u>381,132</u>	\$ <u>437,488</u>

SUPPLEMENTARY INFORMATION

Unaudited

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF CORNING
GENERAL FUND
Balance Sheet
June 30, 2018

Exhibit A-1

	<u>General Fund</u>
ASSETS	
Cash and Investments	\$ 2,075,258
Interest Receivable	-
Accounts Receivable	-
Receivable from Other Governments	124,247
Other Receivable	9,129
Due From Other Funds	<u>306,387</u>
 Total Assets	 \$ <u><u>2,515,021</u></u>
LIABILITIES	
Accounts Payable	\$ 31,900
Accrued Wages/Payroll Taxes	74,705
Contract Retentions	13,238
Accrued Interest Payable	<u>5,039</u>
Total Liabilities	<u>124,882</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Revenue - Business Licenses	<u>16,612</u>
Total Deferred Inflows of Resources	<u>16,612</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>141,494</u>
FUND EQUITY	
Reserved for contingencies	625,000
Unassigned	<u>1,748,527</u>
 Total Fund Balances	 <u>2,373,527</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ <u><u>2,515,021</u></u>

**CITY OF CORNING
GENERAL FUND**

Exhibit A-2

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018**

	General Fund
REVENUES:	
Taxes	\$ 5,602,951
Intergovernmental Revenues	180,511
Interest	8,567
Licenses and Permits	46,054
Miscellaneous	458,714
Total Revenues	<u>6,296,797</u>
EXPENDITURES:	
Current:	
General Government:	
City Council	25,315
City Administration	156,448
City Clerk	10,073
City Treasurer	646
City Finance Department	56,368
General Government	915,457
Total General Government	<u>1,164,307</u>
Public Safety and Judiciary:	
Legal Services	95,306
Police	1,833,384
Police Dispatch	496,808
Animal Control	104,452
Fire	625,025
Total Public Safety and Judiciary	<u>3,154,975</u>
Transportation:	
Airport	
Streets	176,902
Total Transportation	<u>176,902</u>
Cultural, Parks and Recreation	
Library	19,444
Theater	9,189
Parks and Recreation	317,894
Total Cultural, Parks and Recreation	<u>346,527</u>

Continued on the following page

See accompanying notes to
the basic financial statements.

**CITY OF CORNING
GENERAL FUND**

Exhibit A-2

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018**

**General
Fund**

EXPENDITURES (Continued):

Community/Economic Development:	
Economic Development	16,000
Total Community/Economic Development	<u>16,000</u>
Debt Service:	
Principal	97,443
Interest and Other Charges	208,805
Capital Outlay	<u>110,706</u>
Total Expenditures	<u>5,275,665</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,021,132</u>
OTHER FINANCING SOURCES (USES)	
Transfers In	-
Transfers Out	<u>(640,000)</u>
Total Other Financing Sources and Uses	<u>(640,000)</u>
Net Change in Fund Balances	<u>381,132</u>
Fund Balance-Beginning as previously stated	1,992,395
As previously stated	
Prior period adjustments	<u>-</u>
Prior period Adjustment	<u>-</u>
Fund Balance-Beginning	<u>1,992,395</u>
Fund Balance-Ending	<u>\$ 2,373,527</u>

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2018

	Animal Control Officer Replacement Fund (Fund 072)	Business License ADA (Fund 080)	Rural Planning Fund (Fund 105)	SB-1 Road Fund (Fund 106)
ASSETS				
Cash and Cash Equivalents	\$ 1,297	\$ 3,437	\$ -	\$ 7,640
Intergovernmental Receivable	-	-	-	-
Due from other funds	-	-	-	-
Loans Receivable (CDBG)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>1,297</u>	\$ <u>3,437</u>	\$ <u>-</u>	\$ <u>7,640</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 360	\$ -
Contract Retentions	-	-	-	-
Due to Other Funds	-	-	2,334	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	-	-	2,694	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Loans Receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Deferred Inflows of Resources	-	-	2,694	-
Fund Balances (Deficit):				
Reserved for line extensions	-	-	-	-
Reserved for parklands	-	-	-	-
Reserved for non-current loans receivable	-	-	-	-
Unreserved, undesignated	1,297	3,437	(2,694)	7,640
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance (Deficit)	1,297	3,437	(2,694)	7,640
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>1,297</u>	\$ <u>3,437</u>	\$ <u>-</u>	\$ <u>7,640</u>

(Continued)

Exhibit B-1

RSTP Streets 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)
\$ 28,429	\$ 91,328	\$ 64,274	\$ 83,942	\$ 280,347
166,867	-	-	-	166,867
-	-	-	-	-
-	-	-	-	-
<u>\$ 195,296</u>	<u>\$ 91,328</u>	<u>\$ 64,274</u>	<u>\$ 83,942</u>	<u>\$ 447,214</u>
\$ 305	\$ -	\$ 25	\$ -	\$ 690
-	-	-	-	-
-	-	-	-	2,334
<u>305</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>3,024</u>
-	-	-	-	-
<u>305</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>3,024</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>194,991</u>	<u>91,328</u>	<u>64,249</u>	<u>83,942</u>	<u>444,190</u>
<u>194,991</u>	<u>91,328</u>	<u>64,249</u>	<u>83,942</u>	<u>444,190</u>
<u>\$ 195,296</u>	<u>\$ 91,328</u>	<u>\$ 64,274</u>	<u>\$ 83,942</u>	<u>\$ 447,214</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2018

	Subtotal (Brought forward)	Special Gas Tax Improvement #2107.5 Fund (Fund 112)	Local Transportation Fund (Fund 114)
ASSETS			
Cash and Cash Equivalents	\$ 280,347	\$ 5,686	\$ 296,855
Intergovernmental Receivable	166,867	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>447,214</u>	\$ <u>5,686</u>	\$ <u>296,855</u>
LIABILITIES			
Accounts Payable	\$ 690	\$ -	\$ 837
Contract Retentions	-	-	-
Due to Other Funds	2,334	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>3,024</u>	<u>-</u>	<u>837</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Deferred Inflows of Resources	<u>3,024</u>	<u>-</u>	<u>837</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	444,190	5,686	296,018
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance (Deficit)	<u>444,190</u>	<u>5,686</u>	<u>296,018</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>447,214</u>	\$ <u>5,686</u>	\$ <u>296,855</u>

(Continued)

**Exhibit B-1
(Continued)**

Special Gas Tax Improvement # 2103 Fund (Fund 115)	Traffic Mitigation Fund (Fund 116)	DWR SGMA Grant (Fund 153)	Promise Grant (Fund 160)	Subtotal (Carried forward to next page)
\$ 154,717	\$ 223,320	\$ -	\$ -	\$ 960,925
-	-	-	-	166,867
-	-	-	-	-
-	-	-	-	-
<u>\$ 154,717</u>	<u>\$ 223,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,127,792</u>
\$ 427	\$ 75	\$ -	\$ 2,343	\$ 4,372
-	-	-	-	-
-	-	163	208	2,705
<u>427</u>	<u>75</u>	<u>163</u>	<u>2,551</u>	<u>7,077</u>
-	-	-	-	-
<u>427</u>	<u>75</u>	<u>163</u>	<u>2,551</u>	<u>7,077</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>154,290</u>	<u>223,245</u>	<u>(163)</u>	<u>(2,551)</u>	<u>1,120,715</u>
<u>154,290</u>	<u>223,245</u>	<u>(163)</u>	<u>(2,551)</u>	<u>1,120,715</u>
\$ <u>154,717</u>	\$ <u>223,320</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,127,792</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2018

	Subtotal (Brought forward)	Abandoned Vehicle Grant (Fund 170)	BCJI Program (Fund 166)	Homeland Security (Fund 189)
ASSETS				
Cash and Cash Equivalents	\$ 960,925	\$ 12,355	\$ -	\$ 14,630
Intergovernmental Receivable	166,867	-	-	-
Due from other funds	-	-	-	-
Loans Receivable (CDBG)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>1,127,792</u>	\$ <u>12,355</u>	\$ <u>-</u>	\$ <u>14,630</u>
LIABILITIES				
Accounts Payable	\$ 4,372	\$ -	\$ -	\$ -
Contract Retentions	-	-	-	-
Due to Other Funds	2,705	-	153,937	-
Total Liabilities	<u>7,077</u>	<u>-</u>	<u>153,937</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Loans Receivable	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>7,077</u>	<u>-</u>	<u>153,937</u>	<u>-</u>
Fund Balances (Deficit):				
Reserved for line extensions	-	-	-	-
Reserved for parklands	-	-	-	-
Reserved for non-current loans receivable	-	-	-	-
Unreserved, undesignated	<u>1,120,715</u>	<u>12,355</u>	<u>(153,937)</u>	<u>14,630</u>
Total Fund Balance (Deficit)	<u>1,120,715</u>	<u>12,355</u>	<u>(153,937)</u>	<u>14,630</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>1,127,792</u>	\$ <u>12,355</u>	\$ <u>-</u>	\$ <u>14,630</u>

(Continued)

**Exhibit B-1
(Continued)**

<u>BSCC Grant (Fund 190,191)</u>	<u>Prop 47 Grant (Fund 192)</u>	<u>Promotion Neighborhood Grant (Fund 193)</u>	<u>General Plan Update (Fund 302)</u>	<u>Subtotal (Carried forward to next page)</u>
\$ 32,452	\$ -	\$ -	\$ -	\$ 1,020,362
-	20,215	14,132	-	201,214
-	-	-	-	-
-	-	-	-	-
<u>\$ 32,452</u>	<u>\$ 20,215</u>	<u>\$ 14,132</u>	<u>\$ -</u>	<u>\$ 1,221,576</u>
\$ -	\$ 42,967	\$ -	\$ -	\$ 47,339
-	-	-	-	-
-	36,130	2,934	-	195,706
-	79,097	2,934	-	243,045
-	-	-	-	-
-	79,097	2,934	-	243,045
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>32,452</u>	<u>(58,882)</u>	<u>11,198</u>	<u>-</u>	<u>978,531</u>
<u>32,452</u>	<u>(58,882)</u>	<u>11,198</u>	<u>-</u>	<u>978,531</u>
<u>\$ 32,452</u>	<u>\$ 20,215</u>	<u>\$ 14,132</u>	<u>\$ -</u>	<u>\$ 1,221,576</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2018

	Subtotal (Brought forward)	2013 Home Loan Fund (Fund 320, 828)	SALDO Home Loan Fund (Fund 321, 825)
ASSETS			
Cash and Cash Equivalents	\$ 1,020,362	\$ -	\$ -
Intergovernmental Receivable	201,214	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>-</u>	<u>110,612</u>	<u>3,900,000</u>
Total Assets	\$ <u>1,221,576</u>	\$ <u>110,612</u>	\$ <u>3,900,000</u>
LIABILITIES			
Accounts Payable	\$ 47,339	\$ -	\$ -
Contract Retentions	-	-	-
Due to Other Funds	<u>195,706</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>243,045</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>243,045</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>978,531</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>978,531</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>1,221,576</u>	\$ <u>110,612</u>	\$ <u>3,900,000</u>

(Continued)

**Exhibit B-1
(Continued)**

CDBG Program Inc. Unrestricted (Fund 323, 820)	CDBG Economic Reuse (Fund 325,826)	CDBG Housing Reuse (Fund 326, 821, 822, 824)	Housing Rehabilitation RLF Fund (Fund 328)	Subtotal (Carried forward to next page)
\$ 42,477	\$ 9,606	\$ 44,200	\$ -	\$ 1,116,645
-	301	-	-	201,515
-	-	-	-	-
<u>55,162</u>	<u>41,055</u>	<u>67,322</u>	<u>-</u>	<u>4,174,151</u>
\$ <u>97,639</u>	\$ <u>50,962</u>	\$ <u>111,522</u>	\$ <u>-</u>	\$ <u>5,492,311</u>
\$ -	\$ -	\$ -	\$ -	\$ 47,339
-	-	-	-	-
-	-	-	1,820	197,526
-	-	-	1,820	244,865
<u>55,162</u>	<u>41,055</u>	<u>67,322</u>	<u>-</u>	<u>4,174,151</u>
<u>55,162</u>	<u>41,055</u>	<u>67,322</u>	<u>1,820</u>	<u>4,419,016</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>42,477</u>	<u>9,907</u>	<u>44,200</u>	<u>(1,820)</u>	<u>1,073,295</u>
<u>42,477</u>	<u>9,907</u>	<u>44,200</u>	<u>(1,820)</u>	<u>1,073,295</u>
\$ <u>97,639</u>	\$ <u>50,962</u>	\$ <u>111,522</u>	\$ <u>-</u>	\$ <u>5,492,311</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2018

	Subtotal (Brought forward)	SALADO Wall Fund (Fund 344)	Drainage Fund (Fund 345)
ASSETS			
Cash and Cash Equivalents	\$ 1,116,645	\$ 93,299	\$ 110,499
Intergovernmental Receivable	201,515	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>4,174,151</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>5,492,311</u>	\$ <u>93,299</u>	\$ <u>110,499</u>
LIABILITIES			
Accounts Payable	\$ 47,339	\$ -	\$ -
Contract Retentions	-	-	-
Due to Other Funds	<u>197,526</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>244,865</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>4,174,151</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,419,016</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,073,295</u>	<u>93,299</u>	<u>110,499</u>
Total Fund Balance (Deficit)	<u>1,073,295</u>	<u>93,299</u>	<u>110,499</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>5,492,311</u>	\$ <u>93,299</u>	\$ <u>110,499</u>

(Continued)

Exhibit B-1
(Continued)

<u>Parks/Rec Revolving Fund (Fund 352)</u>	<u>Park Recycling Grant Fund (Fund 353)</u>	<u>Trail Development Fund (Fund 356)</u>	<u>Curbs and Gutter Fund (Fund 365)</u>	<u>Subtotal (Carried forward to next page)</u>
\$ -	\$ 10,112	\$ 5,940	\$ -	\$ 1,336,495
-	-	-	-	201,515
-	-	-	-	-
-	-	-	-	4,174,151
<u>\$ -</u>	<u>\$ 10,112</u>	<u>\$ 5,940</u>	<u>\$ -</u>	<u>\$ 5,712,161</u>
\$ 285	\$ -	\$ -	\$ -	\$ 47,624
-	-	-	-	-
<u>2,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,988</u>
<u>2,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,612</u>
-	-	-	-	4,174,151
-	-	-	-	-
<u>2,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,421,763</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(2,747)</u>	<u>10,112</u>	<u>5,940</u>	<u>-</u>	<u>1,290,398</u>
<u>(2,747)</u>	<u>10,112</u>	<u>5,940</u>	<u>-</u>	<u>1,290,398</u>
-	-	-	-	-
<u>\$ -</u>	<u>\$ 10,112</u>	<u>\$ 5,940</u>	<u>\$ -</u>	<u>\$ 5,712,161</u>

See accompanying notes to
the basic financial statements

CITY OF CORNING
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2018

	Subtotal (Brought forward)	Wayfinding Maintenance Fund (Fund 370)	Lighting & Landscape Fund (Fund 701)
ASSETS			
Cash and Cash Equivalents	\$ 1,336,495	\$ 1,220	\$ 42
Intergovernmental Receivable	201,515	-	-
Due from other funds	-	-	-
Loans Receivable (CDBG)	<u>4,174,151</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>5,712,161</u>	\$ <u>1,220</u>	\$ <u>42</u>
LIABILITIES			
Accounts Payable	\$ 47,624	\$ -	\$ 50
Contract Retentions	-	-	-
Due to Other Funds	<u>199,988</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>247,612</u>	<u>-</u>	<u>50</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Loans Receivable	<u>4,174,151</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,421,763</u>	<u>-</u>	<u>50</u>
Fund Balances (Deficit):			
Reserved for line extensions	-	-	-
Reserved for parklands	-	-	-
Reserved for non-current loans receivable	-	-	-
Unreserved, undesignated	<u>1,290,398</u>	<u>1,220</u>	<u>(8)</u>
Total Fund Balance (Deficit)	<u>1,290,398</u>	<u>1,220</u>	<u>(8)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>5,712,161</u>	\$ <u>1,220</u>	\$ <u>42</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>
\$ 12,997	\$ 29,588	\$ 2,462	\$	1,382,804
-	-	-		201,515
-	-	-		-
<u>-</u>	<u>-</u>	<u>-</u>		<u>4,174,151</u>
\$ <u>12,997</u>	\$ <u>29,588</u>	\$ <u>2,462</u>	\$	<u>5,758,470</u>
\$ -	\$ -	\$ 242	\$	47,916
-	-	-		-
<u>-</u>	<u>-</u>	<u>-</u>		<u>199,988</u>
<u>-</u>	<u>-</u>	<u>242</u>		<u>247,904</u>
<u>-</u>	<u>-</u>	<u>-</u>		<u>4,174,151</u>
<u>-</u>	<u>-</u>	<u>242</u>		<u>4,422,055</u>
-	-	-		-
-	-	-		-
<u>12,997</u>	<u>29,588</u>	<u>2,220</u>		<u>1,336,415</u>
<u>12,997</u>	<u>29,588</u>	<u>2,220</u>		<u>1,336,415</u>
-	-	-		-
\$ <u>12,997</u>	\$ <u>29,588</u>	\$ <u>2,462</u>	\$	<u>5,758,470</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, 2018

	Animal Control Officer Replacement Fund (Fund 072)	Business License ADA (Fund 080)	Rural Planning Fund (Fund 105)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Interest	9	16	3
Other Revenues	<u>1,020</u>	<u>2,100</u>	<u>-</u>
Total revenues	<u>1,029</u>	<u>2,116</u>	<u>3</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	<u>1,120</u>	<u>156</u>	<u>6,796</u>
Total General Government	<u>1,120</u>	<u>156</u>	<u>6,796</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	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,120</u>	<u>156</u>	<u>6,796</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(91)</u>	<u>1,960</u>	<u>(6,793)</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	(91)	1,960	(6,793)
Fund Balances-Beginning of Year - Previously Stated	<u>1,388</u>	<u>1,477</u>	<u>4,099</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning of Year - Restated	<u>1,388</u>	<u>1,477</u>	<u>4,099</u>
Fund Balances-Ending of Year	\$ <u><u>1,297</u></u>	\$ <u><u>3,437</u></u>	\$ <u><u>(2,694)</u></u>

(Continued)

Exhibit B-2

SB-1 Road Fund (Fund 106)	RSTP Streets Fund (Fund 108)	Special Gas Tax Improvement #2105 Fund (Fund 109)	Special Gas Tax Improvement #2106 Fund (Fund 110)	Subtotal (Carried forward to next page)
\$ 28,660	\$ 166,867	\$ 41,585	\$ 30,995	\$ 268,107
-	372	644	455	1,499
-	-	-	-	3,120
<u>28,660</u>	<u>167,239</u>	<u>42,229</u>	<u>31,450</u>	<u>272,726</u>
-	-	-	-	8,072
-	-	-	-	8,072
-	-	-	-	-
-	-	-	-	-
<u>21,020</u>	<u>15,089</u>	<u>21,402</u>	<u>19,471</u>	<u>76,982</u>
<u>21,020</u>	<u>15,089</u>	<u>21,402</u>	<u>19,471</u>	<u>76,982</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	46,481	28,903	21,020	96,404
<u>21,020</u>	<u>61,570</u>	<u>50,305</u>	<u>40,491</u>	<u>181,458</u>
<u>7,640</u>	<u>105,669</u>	<u>(8,076)</u>	<u>(9,041)</u>	<u>91,268</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>7,640</u>	<u>105,669</u>	<u>(8,076)</u>	<u>(9,041)</u>	<u>91,268</u>
-	89,322	99,404	73,290	268,980
-	-	-	-	-
-	89,322	99,404	73,290	268,980
\$ <u>7,640</u>	\$ <u>194,991</u>	\$ <u>91,328</u>	\$ <u>64,249</u>	\$ <u>360,248</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, 2018

	<u>Subtotal (Brought forward)</u>	<u>Special Gas Tax Improvement #2106 Fund (Fund 111)</u>	<u>Special Gas Tax Improvement #2107.5 Fund (Fund 112)</u>
REVENUES:			
Intergovernmental Revenues	\$ 268,107	\$ 54,120	\$ 2,000
Interest	1,499	635	41
Other Revenues	<u>3,120</u>	<u>-</u>	<u>-</u>
Total revenues	<u>272,726</u>	<u>54,755</u>	<u>2,041</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	<u>8,072</u>	<u>-</u>	<u>-</u>
Total General Government	<u>8,072</u>	<u>-</u>	<u>-</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>76,982</u>	<u>28,358</u>	<u>815</u>
Total Transportation	<u>76,982</u>	<u>28,358</u>	<u>815</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	<u>96,404</u>	<u>42,040</u>	<u>-</u>
Total Expenditures	<u>181,458</u>	<u>70,398</u>	<u>815</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>91,268</u>	<u>(15,643)</u>	<u>1,226</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	91,268	(15,643)	1,226
Fund Balances-Beginning of Year - Previously Stated	<u>268,980</u>	<u>99,585</u>	<u>4,460</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning of Year - Restated	<u>268,980</u>	<u>99,585</u>	<u>4,460</u>
Fund Balances-Ending of Year	\$ <u>360,248</u>	\$ <u>83,942</u>	\$ <u>5,686</u>

(Continued)

Exhibit B-2
(Continued)

Local Transportation Fund (Fund 114)	Special Gas Tax Improvement # 2103 Fund (Fund 115)	Traffic Mitigation Fund (Fund 116)	DWR SGMA Grant (Fund 153)	Subtotal (Carried forward to next page)
\$ 158,061	\$ 38,553	\$ 66,618	\$ -	\$ 587,459
1,816	1,035	1,201	-	6,227
-	-	-	-	3,120
<u>159,877</u>	<u>39,588</u>	<u>67,819</u>	<u>-</u>	<u>596,806</u>
20,172	-	-	163	28,407
<u>20,172</u>	<u>-</u>	<u>-</u>	<u>163</u>	<u>28,407</u>
-	-	-	-	-
-	-	-	-	-
98,440	16,694	400	-	221,689
<u>98,440</u>	<u>16,694</u>	<u>400</u>	<u>-</u>	<u>221,689</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	17,837	-	-	156,281
<u>118,612</u>	<u>34,531</u>	<u>400</u>	<u>163</u>	<u>406,377</u>
41,265	5,057	67,419	(163)	190,429
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>41,265</u>	<u>5,057</u>	<u>67,419</u>	<u>(163)</u>	<u>190,429</u>
254,753	149,233	155,826	-	932,837
-	-	-	-	-
<u>254,753</u>	<u>149,233</u>	<u>155,826</u>	<u>-</u>	<u>932,837</u>
\$ <u>296,018</u>	\$ <u>154,290</u>	\$ <u>223,245</u>	\$ <u>(163)</u>	\$ <u>1,123,266</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, 2018

	<u>Subtotal (Brought forward)</u>	<u>Promise Grant (Fund 160)</u>	<u>BCJI Program (Fund 166)</u>
REVENUES:			
Intergovernmental Revenues	\$ 587,459	\$ -	\$ 110,108
Interest	6,227	-	-
Other Revenues	<u>3,120</u>	<u>85</u>	<u>-</u>
Total revenues	<u>596,806</u>	<u>85</u>	<u>110,108</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	<u>28,407</u>	<u>-</u>	<u>-</u>
Total General Government	<u>28,407</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	<u>-</u>	<u>-</u>	<u>179,279</u>
Total Public Safety and Judiciary	<u>-</u>	<u>-</u>	<u>179,279</u>
Transportation:			
Streets	<u>221,689</u>	<u>-</u>	<u>-</u>
Total Transportation	<u>221,689</u>	<u>-</u>	<u>-</u>
Cultural, Parks and Recreation			
Parks and Recreation	<u>-</u>	<u>2,636</u>	<u>-</u>
Total Cultural, Parks and Recreation	<u>-</u>	<u>2,636</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	<u>156,281</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>406,377</u>	<u>2,636</u>	<u>179,279</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>190,429</u>	<u>(2,551)</u>	<u>(69,171)</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	190,429	(2,551)	(69,171)
Fund Balances-Beginning of Year - Previously Stated	<u>932,837</u>	<u>-</u>	<u>(84,766)</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning of Year - Restated	<u>932,837</u>	<u>-</u>	<u>(84,766)</u>
Fund Balances-Ending of Year	\$ <u><u>1,123,266</u></u>	\$ <u><u>(2,551)</u></u>	\$ <u><u>(153,937)</u></u>

(Continued)

Exhibit B-2
(Continued)

Abandoned Vehicle Grant (Fund 170)	Homeland Security (Fund 189)	BSCC Grant (Fund 190,191)	Prop 47 Grant (Fund 192)	Subtotal (Carried forward to next page)
\$ -	\$ 15,384	\$ -	\$ 170,625	\$ 883,576
21	99	220	-	6,567
<u>12,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,539</u>
<u>12,355</u>	<u>15,483</u>	<u>220</u>	<u>170,625</u>	<u>905,682</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>229,507</u>	<u>257,914</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>229,507</u>	<u>257,914</u>
<u>-</u>	<u>15,385</u>	<u>225</u>	<u>-</u>	<u>194,889</u>
<u>-</u>	<u>15,385</u>	<u>225</u>	<u>-</u>	<u>194,889</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,689</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,689</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,636</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,636</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,281</u>
<u>-</u>	<u>15,385</u>	<u>225</u>	<u>229,507</u>	<u>833,409</u>
<u>12,355</u>	<u>98</u>	<u>(5)</u>	<u>(58,882)</u>	<u>72,273</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12,355</u>	<u>98</u>	<u>(5)</u>	<u>(58,882)</u>	<u>72,273</u>
<u>-</u>	<u>14,532</u>	<u>32,457</u>	<u>-</u>	<u>895,060</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>14,532</u>	<u>32,457</u>	<u>-</u>	<u>895,060</u>
\$ <u>12,355</u>	\$ <u>14,630</u>	\$ <u>32,452</u>	\$ <u>(58,882)</u>	\$ <u>967,333</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, 2018

	Subtotal (Brought forward)	Promotion Neighborhood Grant (Fund 193)	General Plan Update (Fund 302)
REVENUES:			
Intergovernmental Revenues	\$ 883,576	\$ 97,953	\$ -
Interest	6,567	290	-
Other Revenues	<u>15,539</u>	<u>-</u>	<u>-</u>
Total revenues	<u>905,682</u>	<u>98,243</u>	<u>-</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	<u>257,914</u>	<u>87,045</u>	<u>-</u>
Total General Government	<u>257,914</u>	<u>87,045</u>	<u>-</u>
Public Safety and Judiciary:			
Police	<u>194,889</u>	<u>-</u>	<u>-</u>
Total Public Safety and Judiciary	<u>194,889</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	<u>221,689</u>	<u>-</u>	<u>-</u>
Total Transportation	<u>221,689</u>	<u>-</u>	<u>-</u>
Cultural, Parks and Recreation			
Parks and Recreation	<u>2,636</u>	<u>-</u>	<u>-</u>
Total Cultural, Parks and Recreation	<u>2,636</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	<u>156,281</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>833,409</u>	<u>87,045</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>72,273</u>	<u>11,198</u>	<u>-</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	72,273	11,198	-
Fund Balances-Beginning of Year - Previously Stated	<u>895,060</u>	<u>-</u>	<u>(579)</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>579</u>
Fund Balances-Beginning of Year - Restated	<u>895,060</u>	<u>-</u>	<u>-</u>
Fund Balances-Ending of Year	\$ <u><u>967,333</u></u>	\$ <u><u>11,198</u></u>	\$ <u><u>-</u></u>

(Continued)

Exhibit B-2
(Continued)

<u>2013 Home Loan Fund (Fund 320,828)</u>	<u>CDBG Program Inc. Unrestricted (Fund 323, 820)</u>	<u>CDBG Economic Reuse (Fund 325, 823)</u>	<u>CDBG Housing Reuse (Fund 326, 821, 822, 824)</u>	<u>Subtotal (Carried forward to next page)</u>
\$ -	\$ -	\$ -	\$ -	\$ 981,529
-	11	61	298	7,227
-	1,100	1,780	-	18,419
-	1,111	1,841	298	1,007,175
-	-	-	-	344,959
-	-	-	-	344,959
-	-	-	-	194,889
-	-	-	-	194,889
-	-	-	-	221,689
-	-	-	-	221,689
-	-	-	-	2,636
-	-	-	-	2,636
-	-	455	-	455
-	-	455	-	455
-	-	-	-	156,281
-	-	455	-	920,909
-	1,111	1,386	298	86,266
-	-	-	-	-
-	-	-	-	-
-	1,111	1,386	298	86,266
-	41,366	8,047	43,902	987,796
-	-	474	-	1,053
-	41,366	8,521	43,902	988,849
\$ -	\$ 42,477	\$ 9,907	\$ 44,200	\$ 1,075,115

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, 2018

	Subtotal (Brought forward)	Housing Rehabilitation RLF Fund (Fund 328)	SALADO Wall Fund (Fund 344)
REVENUES:			
Intergovernmental Revenues	\$ 981,529	\$ -	\$ -
Interest	7,227	-	629
Other Revenues	18,419	-	-
Total revenues	<u>1,007,175</u>	<u>-</u>	<u>629</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	344,959	-	-
Total General Government	<u>344,959</u>	<u>-</u>	<u>-</u>
Public Safety and Judiciary:			
Police	194,889	-	-
Total Public Safety and Judiciary	<u>194,889</u>	<u>-</u>	<u>-</u>
Transportation:			
Streets	221,689	-	-
Total Transportation	<u>221,689</u>	<u>-</u>	<u>-</u>
Cultural, Parks and Recreation			
Parks and Recreation	2,636	-	-
Total Cultural, Parks and Recreation	<u>2,636</u>	<u>-</u>	<u>-</u>
Community/Economic Development:			
Economic Development	455	-	-
Total Community/Economic Development	<u>455</u>	<u>-</u>	<u>-</u>
Capital Outlay			
Total Expenditures	<u>920,909</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>86,266</u>	<u>-</u>	<u>629</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	86,266	-	629
Fund Balances-Beginning of Year - Previously Stated	<u>987,796</u>	<u>(1,820)</u>	<u>92,670</u>
Prior period adjustments	<u>1,053</u>	<u>-</u>	<u>-</u>
Fund Balances-Beginning of Year - Restated	<u>988,849</u>	<u>(1,820)</u>	<u>92,670</u>
Fund Balances-Ending of Year	<u>\$ 1,075,115</u>	<u>\$ (1,820)</u>	<u>\$ 93,299</u>

(Continued)

Exhibit B-2

(Continued)

Drainage Fund (Fund 345)	Parks/Rec Revolving Fund (Fund 352)	Park Recycling Grant Fund (Fund 353)	Trail Development Fund (Fund 356)	Subtotal (Carried forward to next page)
\$ 18,793	\$ -	\$ 5,000	\$ -	\$ 1,005,322
659	-	68	40	8,623
-	-	-	-	18,419
<u>19,452</u>	<u>-</u>	<u>5,068</u>	<u>40</u>	<u>1,032,364</u>
-	-	-	-	344,959
-	-	-	-	344,959
-	-	-	-	194,889
-	-	-	-	194,889
-	-	-	-	221,689
-	-	-	-	221,689
-	1,927	-	-	4,563
-	1,927	-	-	4,563
-	-	-	-	455
-	-	-	-	455
-	-	-	-	156,281
-	1,927	-	-	922,836
<u>19,452</u>	<u>(1,927)</u>	<u>5,068</u>	<u>40</u>	<u>109,528</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>19,452</u>	<u>(1,927)</u>	<u>5,068</u>	<u>40</u>	<u>109,528</u>
<u>91,047</u>	<u>(820)</u>	<u>5,044</u>	<u>5,900</u>	<u>1,179,817</u>
-	-	-	-	1,053
<u>91,047</u>	<u>(820)</u>	<u>5,044</u>	<u>5,900</u>	<u>1,180,870</u>
\$ <u>110,499</u>	\$ <u>(2,747)</u>	\$ <u>10,112</u>	\$ <u>5,940</u>	\$ <u>1,290,398</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, 2018

	<u>Subtotal (Brought forward)</u>	<u>Curbs and Gutter Fund (Fund 365)</u>	<u>Wayfinding Maintenance Fund (Fund 370)</u>
REVENUES:			
Intergovernmental Revenues	\$ 1,005,322	\$ -	\$ -
Interest	8,623	-	8
Other Revenues	<u>18,419</u>	-	-
Total revenues	<u>1,032,364</u>	-	<u>8</u>
EXPENDITURES:			
Current:			
General Government:			
General Government	<u>344,959</u>	-	-
Total General Government	<u>344,959</u>	-	-
Public Safety and Judiciary:			
Police	<u>194,889</u>	-	-
Total Public Safety and Judiciary	<u>194,889</u>	-	-
Transportation:			
Streets	<u>221,689</u>	-	-
Total Transportation	<u>221,689</u>	-	-
Cultural, Parks and Recreation			
Parks and Recreation	<u>4,563</u>	-	-
Total Cultural, Parks and Recreation	<u>4,563</u>	-	-
Community/Economic Development:			
Economic Development	<u>455</u>	-	-
Total Community/Economic Development	<u>455</u>	-	-
Capital Outlay	<u>156,281</u>	-	-
Total Expenditures	<u>922,836</u>	-	-
Excess (Deficiency) of Revenues Over Expenditures	<u>109,528</u>	-	<u>8</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Uses	-	-	-
Net Change in Fund Balances	109,528	-	8
Fund Balances-Beginning of Year - Previously Stated	<u>1,179,817</u>	<u>481</u>	<u>1,212</u>
Prior period adjustments	<u>1,053</u>	<u>(481)</u>	<u>-</u>
Fund Balances-Beginning of Year - Restated	<u>1,180,870</u>	-	<u>1,212</u>
Fund Balances-Ending of Year	<u>\$ 1,290,398</u>	<u>\$ -</u>	<u>\$ 1,220</u>

(Continued)

Lighting & Landscape Fund (Fund 701)	Lighting & Landscape Fund (Fund 702)	Lighting & Landscape Fund (Fund 703)	Lighting & Landscape Fund (Fund 704)	Lighting & Landscape Fund (Fund 704)	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,005,322
1	60	189	15	-	8,896
<u>883</u>	<u>7,280</u>	<u>4,334</u>	<u>4,773</u>	<u>-</u>	<u>35,689</u>
<u>884</u>	<u>7,340</u>	<u>4,523</u>	<u>4,788</u>	<u>-</u>	<u>1,049,907</u>
-	-	-	-	-	344,959
-	-	-	-	-	344,959
-	-	-	-	-	194,889
-	-	-	-	-	194,889
<u>1,497</u>	<u>1,023</u>	<u>2,743</u>	<u>7,495</u>	<u>-</u>	<u>234,447</u>
<u>1,497</u>	<u>1,023</u>	<u>2,743</u>	<u>7,495</u>	<u>-</u>	<u>234,447</u>
-	-	-	-	-	4,563
-	-	-	-	-	4,563
-	-	-	-	-	455
-	-	-	-	-	455
-	-	-	-	-	156,281
<u>1,497</u>	<u>1,023</u>	<u>2,743</u>	<u>7,495</u>	<u>-</u>	<u>935,594</u>
<u>(613)</u>	<u>6,317</u>	<u>1,780</u>	<u>(2,707)</u>	<u>-</u>	<u>114,313</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(613)</u>	<u>6,317</u>	<u>1,780</u>	<u>(2,707)</u>	<u>-</u>	<u>114,313</u>
<u>605</u>	<u>6,680</u>	<u>27,808</u>	<u>4,927</u>	<u>1,967</u>	<u>1,223,497</u>
-	-	-	-	<u>(1,967)</u>	<u>(1,395)</u>
<u>605</u>	<u>6,680</u>	<u>27,808</u>	<u>4,927</u>	<u>-</u>	<u>1,222,102</u>
\$ <u>(8)</u>	\$ <u>12,997</u>	\$ <u>29,588</u>	\$ <u>2,220</u>	\$ <u>-</u>	\$ <u>1,336,415</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, 2018

ACO Replacement Fund (Fund 72)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Interest	-	9	9
Other Revenues	3,000	1,020	(1,980)
Total revenues	3,000	1,029	(1,971)
EXPENDITURES:			
Current:			
General Government:			
General Government	3,000	1,120	1,880
Total General Government	3,000	1,120	1,880
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Airport	-	-	-
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	1,120	1,880
Excess of Revenues Over (Under) Expenditures	-	(91)	(91)
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	\$ -	(91)	\$ (91)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		1,388	
Prior Period Adjustment		-	
As Restated		1,388	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 1,297	

(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	16	(84)	-	3	3
-	2,100	2,100	-	-	-
100	2,116	2,016	21,000	3	(20,997)
200	156	44	18,750	6,796	11,954
200	156	44	18,750	6,796	11,954
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
200	156	44	18,750	6,796	11,954
(100)	1,960	2,060	2,250	(6,793)	(9,043)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (100)	1,960	\$ 2,060	\$ 2,250	(6,793)	\$ (9,043)
	1,477			4,099	
	-			-	
	1,477			4,099	
	-			-	
\$	3,437		\$	(2,694)	

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, 2018

SB-1 Road Fund (Fund 106)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ 52,400	\$ 28,660	\$ (23,740)
Interest	-	-	-
Other Revenues	-	-	-
Total revenues	52,400	28,660	(23,740)
EXPENDITURES:			
Current:			
General Government:			
General Government	-	-	-
Total General Government	-	-	-
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Airport	-	-	-
Streets	-	21,020	(21,020)
Total Transportation	-	21,020	(21,020)
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	-	-	-
Capital Outlay	40,000	-	40,000
Total Expenditures	40,000	21,020	18,980
Excess of Revenues Over (Under) Expenditures	12,400	7,640	(4,760)
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	\$ 12,400	7,640	\$ (4,760)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		-	
Prior Period Adjustment		-	
As Restated		-	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 7,640	

(Continued)

Exhibit B-3
(Continued)

RSTP Streets Fund (Fund 108)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 53,100	\$ 166,867	\$ 113,767
-	372	372
-	-	-
53,100	167,239	114,139
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
35,400	15,089	20,311
35,400	15,089	20,311
-	-	-
-	-	-
-	-	-
-	-	-
93,415	46,481	46,934
128,815	61,570	67,245
(75,715)	105,669	181,384
-	-	-
-	-	-
-	-	-
\$ (75,715)	105,669	\$ 181,384
	89,322	
	-	
	89,322	
	-	
\$ 194,991		

Special Gas Tax Improvement #2105 (Fund 109)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 44,500	\$ 41,585	\$ (2,915)
100	644	544
-	-	-
44,600	42,229	(2,371)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
62,236	21,402	40,834
62,236	21,402	40,834
-	-	-
-	-	-
-	-	-
-	-	-
55,000	28,903	26,097
117,236	50,305	66,931
(72,636)	(8,076)	64,560
-	-	-
-	-	-
-	-	-
\$ (72,636)	(8,076)	\$ 64,560
	99,404	
	-	
	99,404	
	-	
\$ 91,328		

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, 2018

Special Gas Tax 2106 (Fund 110)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ 31,700	\$ 30,995	\$ (705)
Interest	100	455	355
Other Revenues	-	-	-
Total revenues	31,800	31,450	(350)
EXPENDITURES:			
Current:			
General Government:			
General Government	-	-	-
Total General Government	-	-	-
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Airport	-	-	-
Streets	42,977	19,471	23,506
Total Transportation	42,977	19,471	23,506
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	21,020	18,980
Total Expenditures	82,977	40,491	42,486
Excess of Revenues Over (Under) Expenditures	(51,177)	(9,041)	42,136
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	\$ (51,177)	(9,041)	\$ 42,136
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		73,290	
Prior Period Adjustment		-	
As Restated		73,290	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 64,249	

(Continued)

Exhibit B-3
(Continued)

Special Gas Tax 2107 (Fund 111)			Special Gas Tax 2107.5 (Fund 112)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 57,500	\$ 54,120	\$ (3,380)	\$ 2,000	\$ 2,000	\$ -
100	635	535	-	41	41
-	-	-	-	-	-
57,600	54,755	(2,845)	2,000	2,041	41
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
59,549	28,358	31,191	2,000	815	1,185
59,549	28,358	31,191	2,000	815	1,185
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
80,000	42,040	37,960	-	-	-
139,549	70,398	69,151	2,000	815	1,185
(81,949)	(15,643)	66,306	-	1,226	1,226
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (81,949)	(15,643)	\$ 66,306	\$ -	1,226	\$ 1,226
	99,585			4,460	
	-			-	
	99,585			4,460	
	-			-	
	\$ 83,942			\$ 5,686	

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, 2018

Local Transportation Fund (Fund 114)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ 104,900	\$ 158,061	\$ 53,161
Interest	-	1,816	1,816
Other Revenues	-	-	-
Total revenues	104,900	159,877	54,977
EXPENDITURES:			
Current:			
General Government:			
General Government	-	20,172	(20,172)
Total General Government	-	20,172	(20,172)
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Airport	-	-	-
Streets	69,500	98,440	(28,940)
Total Transportation	69,500	98,440	(28,940)
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development:			
Economic Development	-	-	-
Total Community/Economic Development	-	-	-
Capital Outlay	223,200	-	223,200
Total Expenditures	292,700	118,612	174,088
Excess of Revenues Over (Under) Expenditures	(187,800)	41,265	229,065
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	\$ (187,800)	41,265	\$ 229,065
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		254,753	
Prior Period Adjustment		-	
As Restated		254,753	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 296,018	

(Continued)

Exhibit B-3
(Continued)

Special Gas Tax Improvement #2103 (Fund 115)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 30,700	\$ 38,553	\$ 7,853
100	1,035	935
-	-	-
30,800	39,588	8,788
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
50,700	16,694	34,006
50,700	16,694	34,006
-	-	-
-	-	-
-	-	-
44,000	17,837	26,163
94,700	34,531	60,169
(63,900)	5,057	68,957
-	-	-
-	-	-
-	-	-
\$ (63,900)	5,057	\$ 68,957
	149,233	
	-	
	149,233	
	-	
\$	154,290	

Traffic Mitigation Fund (Fund 116)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 5,000	\$ 66,618	\$ 61,618
-	1,201	1,201
-	-	-
5,000	67,819	62,819
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,000	400	600
1,000	400	600
-	-	-
-	-	-
-	-	-
-	-	-
1,000	400	600
4,000	67,419	63,419
-	-	-
-	-	-
-	-	-
\$ 4,000	67,419	\$ 63,419
	155,826	
	-	
	155,826	
	-	
\$	223,245	

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, 2018

DWR SGMA Grant (Fund 153)		
Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:		
Intergovernmental Revenues	\$ -	\$ -
Interest	-	-
Other Revenues	-	-
Total revenues	-	-
EXPENDITURES:		
Current:		
General Government:		
General Government	-	163
Total General Government	-	163
Public Safety and Judiciary:		
Police	-	-
Total Public Safety and Judiciary	-	-
Transportation:		
Airport	-	-
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	-	163
Excess of Revenues Over (Under) Expenditures	-	(163)
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	\$ -	\$ (163)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR	-	
Prior Period Adjustment	-	
As Restated	-	
Residual Equity Transfers In / Out	-	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$ (163)	

(Continued)

**Exhibit B-3
(Continued)**

Promise Grant Fund (Fund 160)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	85	85
-	85	85
-	-	-
-	-	-
-	-	-
-	-	-
-	2,636	(2,636)
-	2,636	(2,636)
-	-	-
-	-	-
27,000	-	27,000
27,000	2,636	24,364
(27,000)	(2,551)	24,449
-	-	-
-	-	-
-	-	-
\$ (27,000)	(2,551)	\$ 24,449
-	-	-
-	-	-
-	-	-
\$ (2,551)		

BCJI Program Fund (Fund 166)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 454,800	\$ 110,108	\$ (344,692)
-	-	-
-	-	-
454,800	110,108	(344,692)
-	-	-
-	-	-
368,194	179,279	188,915
368,194	179,279	188,915
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
368,194	179,279	188,915
86,606	(69,171)	(155,777)
-	-	-
-	-	-
-	-	-
\$ 86,606	(69,171)	\$ (155,777)
-	(84,766)	
-	-	
-	(84,766)	
-	-	
\$ (153,937)		

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, 2018

Abandoned Vehicle Grant Fund (Fund 170)		
Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:		
Intergovernmental Revenues	\$ -	\$ -
Interest	-	21
Other Revenues	-	12,334
Total revenues	-	12,355
EXPENDITURES:		
Current:		
General Government:		
General Government	-	-
Total General Government	-	-
Public Safety and Judiciary:		
Police	-	-
Total Public Safety and Judiciary	-	-
Transportation:		
Airport	-	-
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	-	12,355
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	\$ -	\$ 12,355
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		
Prior Period Adjustment	-	-
As Restated	-	-
Residual Equity Transfers In / Out	-	-
FUND BALANCE (DEFICIT), AT END OF YEAR	\$ 12,355	

(Continued)

Exhibit B-3
(Continued)

Homeland Security Grant (Fund 189)			BSCC Grant (Funds 190,191)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 15,384	\$ 15,384	\$ 52,717	\$ -	\$ (52,717)
-	99	99	-	220	220
-	-	-	-	-	-
-	15,483	15,483	52,717	220	(52,497)
-	-	-	-	-	-
-	-	-	-	-	-
-	15,385	(15,385)	52,717	225	52,492
-	15,385	(15,385)	52,717	225	52,492
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	15,385	(15,385)	52,717	225	52,492
-	98	98	-	(5)	(5)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 98	\$ 98	\$ -	\$ (5)	\$ (5)
	14,532			32,457	
	-			-	
	14,532			32,457	
	-			-	
\$	14,630		\$	32,452	

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, 2018

Proposition 47 Grant Fund (Fund 192)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ 298,000	\$ 170,625	\$ (127,375)
Interest	-	-	-
Other Revenues	-	-	-
Total revenues	298,000	170,625	(127,375)
EXPENDITURES:			
Current:			
General Government:			
General Government	298,100	229,507	68,593
Total General Government	298,100	229,507	68,593
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Airport	-	-	-
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	298,100	229,507	68,593
Excess of Revenues Over (Under) Expenditures	(100)	(58,882)	(58,782)
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	\$ (100)	\$ (58,882)	\$ (58,782)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		-	
Prior Period Adjustment		-	
As Restated		-	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ (58,882)	

Exhibit B-3
(Continued)

Prevention Neighborhood Grant (fund 193)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 200,000	\$ 97,953	\$ (102,047)
-	290	290
-	-	-
200,000	98,243	(101,757)
100,000	87,045	12,955
100,000	87,045	12,955
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
100,000	87,045	12,955
100,000	11,198	(88,802)
-	-	-
-	-	-
-	-	-
\$ 100,000	11,198	\$ (88,802)
-	-	-
-	-	-
-	-	-
\$ 11,198		

CDBG Program Unrestricted (Fund 323, 820)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	11	11
10,000	1,100	(8,900)
10,000	1,111	(8,889)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
10,000	1,111	(8,889)
-	-	-
-	-	-
-	-	-
\$ 10,000	1,111	\$ (8,889)
-	41,366	
-	-	
-	41,366	
-	-	
\$ 42,477		

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, 2018**

CDBG Economic Reuse (Fund 325, 823)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ 2,500	\$ -	\$ (2,500)
Interest	500	61	(439)
Other Revenues	3,500	1,780	(1,720)
Total revenues	6,500	1,841	(4,659)
EXPENDITURES:			
Current:			
General Government:			
General Government	-	-	-
Total General Government	-	-	-
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Airport	-	-	-
Streets	-	-	-
Total Transportation	-	-	-
Cultural, Parks and Recreation			
Parks and Recreation	-	-	-
Total Cultural, Parks and Recreation	-	-	-
Community/Economic Development:			
Economic Development	4,000	455	3,545
Total Community/Economic Development	4,000	455	3,545
Capital Outlay	-	-	-
Total Expenditures	4,000	455	3,545
Excess of Revenues Over (Under) Expenditures	2,500	1,386	(1,114)
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	\$ 2,500	1,386	\$ (1,114)
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		8,047	
Prior Period Adjustment		-	
As Restated		8,047	
Residual Equity Transfers In / Out		474	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 9,907	

(Continued)

Exhibit B-3
(Continued)

CDBG Housing Reuse (Fund 326, 821, 822)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
500	298	(202)
-	-	-
500	298	(202)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
500	298	(202)
-	-	-
-	-	-
-	-	-
\$ 500	298	\$ (202)
	43,902	
	-	
	43,902	
	-	
\$	44,200	

Housing Rehabilitation RLF Fund (Fund 328)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	-	\$ -
	(1,820)	
	-	
	(1,820)	
	-	
\$	(1,820)	

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, 2018

SALADO Wall Fund (Fund 344)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$	\$ -	\$ -
Interest	200	629	429
Other Revenues	-	-	-
Total revenues	200	629	429
EXPENDITURES:			
Current:			
General Government:			
General Government	-	-	-
Total General Government	-	-	-
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Airport	-	-	-
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	200	629	429
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	\$ 200	\$ 629	\$ 429
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		92,670	
Prior Period Adjustment		-	
As Restated		92,670	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 93,299	

(Continued)

Exhibit B-3
(Continued)

Drainage Fund (Fund 345)			Parks/Rec Revolving Fund (Fund 352)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 10,000	\$ 18,793	\$ 8,793	\$ -	\$ -	\$ -
1,000	659	(341)	-	-	-
-	-	-	500	-	(500)
11,000	19,452	8,452	500	-	(500)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,000	1,927	73
-	-	-	2,000	1,927	73
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,000	1,927	73
11,000	19,452	8,452	(1,500)	(1,927)	(427)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 11,000	19,452	\$ 8,452	\$ (1,500)	(1,927)	\$ (427)
	91,047			(820)	
	-			-	
	91,047			(820)	
	-			-	
\$	110,499		\$	(2,747)	

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, 2018

Park Recycling Grant (Fund 353)		
Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:		
Intergovernmental Revenues	\$ -	\$ 5,000
Interest	-	68
Other Revenues	-	-
Total revenues	-	5,068
EXPENDITURES:		
Current:		
General Government:		
General Government	-	-
Total General Government	-	-
Public Safety and Judiciary:		
Police	-	-
Total Public Safety and Judiciary	-	-
Transportation:		
Airport	-	-
Streets	-	-
Total Transportation	-	-
Cultural, Parks and Recreation		
Parks and Recreation	5,000	-
Total Cultural, Parks and Recreation	5,000	5,000
Community/Economic Development:		
Economic Development	-	-
Total Community/Economic Development	-	-
Capital Outlay	-	-
Total Expenditures	5,000	5,000
Excess of Revenues Over (Under) Expenditures	(5,000)	5,068
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	\$ (5,000)	\$ 10,068
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR	5,044	
Prior Period Adjustment	-	
As Restated	5,044	
Residual Equity Transfers In / Out	-	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$ 10,112	

(Continued)

Exhibit B-3
(Continued)

Trail Development Fund (Fund 356)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	40	40
-	-	-
-	40	40
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	40	40
-	-	-
-	-	-
-	-	-
\$ -	\$ 40	\$ 40
	5,900	
	-	
	5,900	
	-	
\$	5,940	

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

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, 2018

Wayfinding Maintenance Fund (Fund 370)		
Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:		
Intergovernmental Revenues	\$ -	\$ -
Interest	-	8
Other Revenues	-	-
Total revenues	-	8
EXPENDITURES:		
Current:		
General Government:		
General Government	-	-
Total General Government	-	-
Public Safety and Judiciary:		
Police	-	-
Total Public Safety and Judiciary	-	-
Transportation:		
Airport	-	-
Streets	-	-
Total Transportation	-	-
Cultural, Parks and Recreation		
Parks and Recreation	-	-
Total Cultural, Parks and Recreation	-	-
Community/Economic Development:		
Economic Development	1,200	-
Total Community/Economic Development	1,200	1,200
Capital Outlay	-	-
Total Expenditures	1,200	1,200
Excess of Revenues Over (Under) Expenditures	(1,200)	8
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	-	-
Operating Transfers Out	-	-
Total Other Financing Sources (Over)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (1,200)	\$ 8
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR	1,212	
Prior Period Adjustment	-	
As Restated	1,212	
Residual Equity Transfers In / Out	-	
FUND BALANCE (DEFICIT), AT END OF YEAR	\$ 1,220	

(Continued)

Exhibit B-3
(Continued)

Lighting & Landscape Fund (Fund 701)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	1	1
900	883	(17)
900	884	(16)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
950	1,497	(547)
950	1,497	(547)
-	-	-
-	-	-
-	-	-
-	-	-
950	1,497	(547)
(50)	(613)	(563)
-	-	-
-	-	-
-	-	-
\$ (50)	(613)	\$ (563)
	605	
	-	
	605	
	-	
\$	(8)	

Lighting & Landscape Fund (Fund 702)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	60	60
7,280	7,280	-
7,280	7,340	60
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,000	1,023	2,977
4,000	1,023	2,977
-	-	-
-	-	-
-	-	-
-	-	-
4,000	1,023	2,977
3,280	6,317	3,037
-	-	-
-	-	-
-	-	-
\$ 3,280	6,317	\$ 3,037
	6,680	
	-	
	6,680	
	-	
\$	12,997	

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, 2018

Lighting & Landscape Fund (Fund 703)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Interest	100	189	89
Other Revenues	2,900	4,334	1,434
Total revenues	3,000	4,523	1,523
EXPENDITURES:			
Current:			
General Government:			
General Government	-	-	-
Total General Government	-	-	-
Public Safety and Judiciary:			
Police	-	-	-
Total Public Safety and Judiciary	-	-	-
Transportation:			
Airport	-	-	-
Streets	7,200	2,743	4,457
Total Transportation	7,200	2,743	4,457
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	7,200	2,743	4,457
Excess of Revenues Over (Under) Expenditures	(4,200)	1,780	5,980
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	\$ (4,200)	1,780	\$ 5,980
FUND BALANCE (DEFICIT), AT BEGINNING OF YEAR		27,808	
Prior Period Adjustment		-	
As Restated		27,808	
Residual Equity Transfers In / Out		-	
FUND BALANCE (DEFICIT), AT END OF YEAR		\$ 29,588	

(Continued)

Exhibit B-3
(Continued)

Lighting & Landscape Fund (Fund 704)			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,420,817	\$ 1,005,322	\$ (415,495)
50	15	(35)	2,850	8,896	6,046
4,775	4,773	(2)	32,855	35,689	2,834
4,825	4,788	(37)	1,456,522	1,049,907	(406,615)
-	-	-	420,050	344,959	75,091
-	-	-	420,050	344,959	75,091
-	-	-	420,911	194,889	226,022
-	-	-	420,911	194,889	226,022
-	-	-	-	-	-
6,400	7,495	(1,095)	341,912	234,447	107,465
6,400	7,495	(1,095)	341,912	234,447	107,465
-	-	-	7,000	4,563	2,437
-	-	-	7,000	4,563	2,437
-	-	-	5,200	455	4,745
-	-	-	5,200	455	4,745
-	-	-	602,615	156,281	446,334
6,400	7,495	(1,095)	1,797,688	935,594	862,094
(1,575)	(2,707)	(1,132)	(341,166)	114,313	455,479
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (1,575)	(2,707)	\$ (1,132)	\$ (341,166)	114,313	\$ 455,479
	4,927			1,222,109	
	-			-	
	4,927			1,222,109	
	-			(7)	
\$	2,220		\$	1,336,415	

See accompanying notes to the basic financial statements

CITY OF CORNING
CAPITAL PROJECTS FUNDS
 Combining Balance Sheet
 June 30, 2018

	Police Equipment Replacement Fund (Fund 071)	Proposition 30 Police Fund (Fund 073)	Police K-9 Fund (Fund 074)	Fire Equipment Replacement Fund (Fund 076)
ASSETS				
Cash and Cash Equivalents	\$ 123,280	\$ 21,118	\$ 22,535	\$ 174,645
Intergovernmental Receivable	-	-	-	-
Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Assets:				
Restricted Cash: Loan Repayment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 123,280</u>	<u>\$ 21,118</u>	<u>\$ 22,535</u>	<u>\$ 174,645</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 70	\$ 191	\$ -	\$ -
Due to Other Funds	-	-	-	-
Other Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>70</u>	<u>191</u>	<u>-</u>	<u>-</u>
Fund Balances				
Unassigned	<u>123,210</u>	<u>20,927</u>	<u>22,535</u>	<u>174,645</u>
Total Fund Balances	<u>123,210</u>	<u>20,927</u>	<u>22,535</u>	<u>174,645</u>
Total Liabilities and Fund Balances	<u>\$ 123,280</u>	<u>\$ 21,118</u>	<u>\$ 22,535</u>	<u>\$ 174,645</u>

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

Public Works Equipment Replacement Fund (Fund 078)	Park Acquisition Fund (Fund 341)	Bedroom Tax Fund (Fund 355)	Street Scape Fund (Fund 359)	Totals
\$ 290,070	\$ 108,804	\$ 15,974	\$ -	\$ 756,426
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 290,070</u>	<u>\$ 108,804</u>	<u>\$ 15,974</u>	<u>\$ -</u>	<u>\$ 756,426</u>
\$ -	\$ -	\$ -	\$ -	\$ 261
-	-	-	76,829	76,829
-	-	-	-	-
-	-	-	76,829	77,090
<u>290,070</u>	<u>108,804</u>	<u>15,974</u>	<u>(76,829)</u>	<u>679,336</u>
<u>290,070</u>	<u>108,804</u>	<u>15,974</u>	<u>(76,829)</u>	<u>679,336</u>
<u>\$ 290,070</u>	<u>\$ 108,804</u>	<u>\$ 15,974</u>	<u>\$ -</u>	<u>\$ 756,426</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, 2018

	Police Equipment Replacement Fund (Fund 071)	Proposition 30 Police Fund (Fund 073)	Police K-9 Fund (Fund 073)	Fire Equipment Replacement Fund (Fund 076)
REVENUES:				
Intergovernmental Revenues	\$ -	\$ 12,614	\$ -	\$ -
Acquisition Charges and Fees	-	-	-	-
Interest	1,010	127	-	1,667
Other	-	-	-	28,632
Total Revenues	<u>1,010</u>	<u>12,741</u>	<u>-</u>	<u>30,299</u>
EXPENDITURES:				
Current:				
General Government:				
General Government	-	-	-	-
Total General Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation:				
Streets	-	-	-	-
Total Transportation	<u>-</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	<u>83,281</u>	<u>1,883</u>	<u>-</u>	<u>164,115</u>
Total Expenditures	<u>83,281</u>	<u>1,883</u>	<u>-</u>	<u>164,115</u>
Excess of Revenues Over (Under) Expenditures	<u>(82,271)</u>	<u>10,858</u>	<u>-</u>	<u>(133,816)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	192,760	-	-	220,588
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Over)	<u>192,760</u>	<u>-</u>	<u>-</u>	<u>220,588</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>110,489</u>	<u>10,858</u>	<u>-</u>	<u>86,772</u>
FUND BALANCE, AT BEGINNING OF YEAR	<u>12,721</u>	<u>10,069</u>	<u>22,535</u>	<u>87,873</u>
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	-	-	-	-
FUND BALANCE, AT END OF YEAR	<u>\$ 123,210</u>	<u>\$ 20,927</u>	<u>\$ 22,535</u>	<u>\$ 174,645</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
\$ -	\$ -	\$ -	\$ 104,076	\$ 116,690
-	-	-	-	-
1,924	699	88	-	5,515
<u>14,241</u>	<u>11,139</u>	<u>9,700</u>	<u>-</u>	<u>63,712</u>
<u>16,165</u>	<u>11,838</u>	<u>9,788</u>	<u>104,076</u>	<u>185,917</u>
<u>795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>795</u>
<u>795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>795</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>5,994</u>	<u>15,000</u>	<u>4,265</u>	<u>274,538</u>
<u>795</u>	<u>5,994</u>	<u>15,000</u>	<u>4,265</u>	<u>275,333</u>
<u>15,370</u>	<u>5,844</u>	<u>(5,212)</u>	<u>99,811</u>	<u>(89,416)</u>
<u>226,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,003</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>226,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,003</u>
<u>242,025</u>	<u>5,844</u>	<u>(5,212)</u>	<u>99,811</u>	<u>550,587</u>
<u>48,045</u>	<u>102,960</u>	<u>21,186</u>	<u>(176,640)</u>	<u>128,749</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>290,070</u>	\$ <u>108,804</u>	\$ <u>15,974</u>	\$ <u>(76,829)</u>	\$ <u>679,336</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, 2018**

Police Equipment Replacement Fund (Fund 071)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Acquisition Charges and Fees	-	-	-
Interest	100	1,010	910
Other	-	-	-
Total Revenues	100	1,010	910
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	98,300	83,281	15,019
Total Expenditures	98,300	83,281	15,019
Excess of Revenues Over (Under) Expenditures	(98,200)	(82,271)	15,929
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	192,760	192,760	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Over)	192,760	192,760	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 94,560	110,489	\$ 15,929
FUND BALANCE, AT BEGINNING OF YEAR		12,721	
Residual Equity Transfers In		-	
Residual Equity Transfers Out		-	
FUND BALANCE, AT END OF YEAR		\$ 123,210	

(Continued)

Proposition 30 Police Fund (Fund 73)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 12,614	\$ 12,614
-	-	-
-	127	127
-	-	-
-	12,741	12,741
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
10,000	1,883	8,117
10,000	1,883	8,117
(10,000)	10,858	20,858
-	-	-
-	-	-
-	-	-
\$ (10,000)	10,858	\$ 20,858
	10,069	
	-	
	-	
	\$ 20,927	

Police K-9 Fund (Fund 74)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	-	\$ -
	22,535	
	-	
	-	
	\$ 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, 2018

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	1,667	1,567
-	28,632	28,632
100	30,299	30,199
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
131,600	164,115	(32,515)
131,600	164,115	(32,515)
(131,500)	(133,816)	(2,316)
220,585	220,588	3
-	-	-
220,585	220,588	3
\$ 89,085	86,772	\$ (2,313)
	87,873	
	-	
	-	
	\$ 174,645	

**Exhibit C-3
(Continued)**

Public Works Equip. Replacement Fund (Fund 078)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	1,924	1,824
17,000	14,241	(2,759)
17,100	16,165	(935)
7,500	795	6,705
7,500	795	6,705
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
7,500	795	6,705
9,600	15,370	5,770
226,655	226,655	-
-	-	-
226,655	226,655	-
\$ 236,255	\$ 242,025	\$ 5,770
	48,045	
	-	
	-	
	\$ 290,070	

Park Acquisition Fund (Fund 341)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
100	699	599
5,000	11,139	6,139
5,100	11,838	6,738
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
29,000	5,994	23,006
29,000	5,994	23,006
(23,900)	5,844	29,744
-	-	-
-	-	-
-	-	-
\$ (23,900)	\$ 5,844	\$ 29,744
	102,960	
	-	
	-	
	\$ 108,804	

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, 2018

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)
\$ -	\$ -	\$ -
-	-	-
-	88	88
600	9,700	9,100
600	9,788	9,188
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
15,000	15,000	-
15,000	15,000	-
(14,400)	(5,212)	9,188
-	-	-
-	-	-
-	-	-
\$ (14,400)	(5,212)	\$ 9,188
	21,186	
	-	
	-	
	\$ 15,974	

**Exhibit C-3
(Continued)**

Street Scape Fund (Fund 359)			Capital Project Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 104,076	\$ 104,076	\$ -	\$ 116,690	\$ 116,690
-	-	-	-	-	-
-	-	-	400	5,515	5,115
-	-	-	22,600	63,712	41,112
-	104,076	104,076	23,000	185,917	162,917
-	-	-	7,500	795	6,705
-	-	-	7,500	795	6,705
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,265	(4,265)	283,900	274,538	9,362
-	4,265	(4,265)	291,400	275,333	16,067
-	99,811	99,811	(268,400)	(89,416)	178,984
-	-	-	640,000	640,003	3
-	-	-	-	-	-
-	-	-	640,000	640,003	3
\$ -	\$ 99,811	\$ 99,811	\$ 371,600	\$ 550,587	\$ 178,987
-	-	-	-	305,389	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 99,811	\$ 99,811	\$ -	\$ 855,976	\$ 855,976

See accompanying notes to the basic financial statements

CITY OF CORNING
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2018

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	\$ 1,310,975	\$ 77,422	\$ 47,197	\$ 11,037	\$ 1,073,904	\$ 2,520,535
Accounts Receivable	100,734	34,322	12,662	5,300	80,590	233,608
Inventories	16,046	-	-	-	60,234	76,280
Prepaid Assets	-	-	-	-	-	-
Total Current Assets	<u>1,427,755</u>	<u>111,744</u>	<u>59,859</u>	<u>16,337</u>	<u>1,214,728</u>	<u>2,830,423</u>
Capital Assets:						
Land and Construction in Progress	105,274	-	727,814	-	5,000	838,088
Property, Plant and Equipment	16,152,526	-	2,662,699	5,167	6,710,001	25,530,393
Accumulated Depreciation	<u>(11,113,065)</u>	<u>-</u>	<u>(267,056)</u>	<u>-</u>	<u>(2,817,628)</u>	<u>(14,197,749)</u>
Net Capital Assets	<u>5,144,735</u>	<u>-</u>	<u>3,123,457</u>	<u>5,167</u>	<u>3,897,373</u>	<u>12,170,732</u>
Loan Acquisition Costs	138,837	-	-	-	140,773	279,610
Accumulated Amortization	<u>(9,371)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,384)</u>	<u>(18,755)</u>
Net Loan Acquisition Costs	<u>129,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,389</u>	<u>260,855</u>
Restricted Cash:						
Loan Repayment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,560</u>	<u>231,560</u>
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,560</u>	<u>231,560</u>
Deferred Outflows of Resource						
Pension Contribution	<u>163,906</u>	<u>-</u>	<u>2,332</u>	<u>-</u>	<u>293,216</u>	<u>459,454</u>
Total Assets	\$ <u>6,865,862</u>	\$ <u>111,744</u>	\$ <u>3,185,648</u>	\$ <u>21,504</u>	\$ <u>5,768,266</u>	\$ <u>15,953,024</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 7,153	\$ 122,581	\$ 104	\$ 1,047	\$ 14,125	\$ 145,010
Accrued Wages	5,268	-	-	-	11,388	16,656
Due to other funds	29,570	-	-	-	-	29,570
Interest Payable	63,850	-	-	-	41,697	105,547
Deposits	-	-	-	-	30,171	30,171
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>232,730</u>	<u>122,581</u>	<u>104</u>	<u>1,047</u>	<u>248,412</u>	<u>604,874</u>
Deferred Inflows of Resources						
GASB 68 Actuarial Adjustments	<u>19,191</u>	<u>-</u>	<u>273</u>	<u>-</u>	<u>34,331</u>	<u>53,795</u>
Long-Term Liabilities						
Interfund Loan Payable	-	-	-	-	-	-
Accrued Compensation for Future Absce	54,673	-	-	-	54,673	109,346
Net Pension Liability	478,574	-	6,809	-	856,134	1,341,517
Certificates of Participation Payable	5,071,042	-	-	-	3,438,857	8,509,899
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>5,477,400</u>	<u>-</u>	<u>6,809</u>	<u>-</u>	<u>4,198,633</u>	<u>9,682,842</u>
Total Liabilities	<u>5,729,321</u>	<u>122,581</u>	<u>7,186</u>	<u>1,047</u>	<u>4,481,376</u>	<u>10,341,511</u>
NET POSITION						
Investment in capital assets, net	73,693	-	3,123,457	5,167	458,516	3,660,833
Restricted for debt service	1,318,942	-	-	-	712,884	2,031,826
Unrestricted	<u>(256,094)</u>	<u>(10,837)</u>	<u>55,005</u>	<u>15,290</u>	<u>115,490</u>	<u>(81,146)</u>
Total Net Position	\$ <u>1,136,541</u>	\$ <u>(10,837)</u>	\$ <u>3,178,462</u>	\$ <u>20,457</u>	\$ <u>1,286,890</u>	\$ <u>5,611,513</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, 2018

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	\$ 1,890,497	\$ 481,769	\$ -	\$ -	\$ 1,306,390	\$ 3,678,656
Connection fees	-	-	-	-	10,400	10,400
Lease and Rents	8,759	-	17,221	14,600	-	40,580
Other Revenue	123,410	-	10,000	6,620	11,887	151,917
Total Operating Revenues	<u>2,022,666</u>	<u>481,769</u>	<u>27,221</u>	<u>21,220</u>	<u>1,328,677</u>	<u>3,881,553</u>
OPERATING EXPENSES:						
Salaries and Benefits	596,244	-	9,727	-	827,775	1,433,746
Utilities	78,260	-	5,737	7,328	223,545	314,870
Depreciation	488,154	-	33,132	-	150,740	672,026
Amortization	4,780	-	-	-	4,692	9,472
Other Expenses	852,310	484,628	31,224	11,541	283,368	1,663,071
Total Operating Expenses	<u>2,019,748</u>	<u>484,628</u>	<u>79,820</u>	<u>18,869</u>	<u>1,490,120</u>	<u>4,093,185</u>
Operating Income (Loss)	<u>2,918</u>	<u>(2,859)</u>	<u>(52,599)</u>	<u>2,351</u>	<u>(161,443)</u>	<u>(211,632)</u>
NON-OPERATING REVENUE (EXPENSE)						
Investment Earnings	80,227	317	287	86	7,302	88,219
Interest Expense	(260,434)	-	-	-	(132,743)	(393,177)
Net Non-Operating Revenues (Expenses)	<u>(180,207)</u>	<u>317</u>	<u>287</u>	<u>86</u>	<u>(125,441)</u>	<u>(304,958)</u>
Income Before Transfers	<u>(177,289)</u>	<u>(2,542)</u>	<u>(52,312)</u>	<u>2,437</u>	<u>(286,884)</u>	<u>(516,590)</u>
Operating Transfers In	350,000	-	-	-	78,500	428,500
Operating Transfers Out	(350,000)	-	-	-	(78,500)	(428,500)
Changes in net position	<u>(177,289)</u>	<u>(2,542)</u>	<u>(52,312)</u>	<u>2,437</u>	<u>(286,884)</u>	<u>(516,590)</u>
NET POSITION, BEGINNING OF YEAR						
As Previously Stated	1,672,136	(8,295)	3,230,774	18,020	1,021,210	5,933,845
Prior period adjustment	(358,306)	-	-	-	552,564	194,258
As Restated	<u>1,313,830</u>	<u>(8,295)</u>	<u>3,230,774</u>	<u>18,020</u>	<u>1,573,774</u>	<u>6,128,103</u>
Residual Equity Transfers In	33,158	-	-	-	247,216	280,374
Residual Equity Transfers Out	(33,158)	-	-	-	(247,216)	(280,374)
NET POSITION, END OF YEAR	<u>\$ 1,136,541</u>	<u>\$ (10,837)</u>	<u>\$ 3,178,462</u>	<u>\$ 20,457</u>	<u>\$ 1,286,890</u>	<u>\$ 5,611,513</u>

See accompanying notes to the basic financial statements.

CITY OF CORNING
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2018

Exhibit D-3

	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>
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 1,890,552	\$ 479,722	\$ -	\$ -	\$ 1,288,269	\$ 3,658,543
Other Operating Cash Receipts	132,169	-	27,221	15,920	11,887	187,197
Payments to Suppliers	(916,960)	(481,394)	(36,962)	(18,371)	(444,742)	(1,898,429)
Payments to Employees	(952,865)	-	(16,536)	-	(270,106)	(1,239,507)
Net Cash Provided (Used) by Operating Activities	<u>152,896</u>	<u>(1,672)</u>	<u>(26,277)</u>	<u>(2,451)</u>	<u>585,308</u>	<u>707,804</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from (to) other funds	-	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest Paid	(255,791)	-	-	-	(131,003)	(386,794)
Repayment of Certificates of Participation	(148,307)	-	-	-	(130,351)	(278,658)
Repayment of Loan Payable: Mid Valley Bank	-	-	6,809	-	-	6,809
Changes in GASB 68 amounts	219,412	-	4,370	-	119,311	343,093
Payments for capital acquisitions	(80,115)	-	-	-	-	(80,115)
Net cash (used for) capital and related financing activities	<u>93,505</u>	<u>-</u>	<u>11,179</u>	<u>-</u>	<u>(694,607)</u>	<u>(589,923)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Receipts of interest	80,227	317	287	86	7,302	88,219
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>326,628</u>	<u>(1,355)</u>	<u>(14,811)</u>	<u>(2,365)</u>	<u>(101,997)</u>	<u>206,100</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,342,653</u>	<u>78,777</u>	<u>62,008</u>	<u>13,402</u>	<u>854,898</u>	<u>2,351,738</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,669,281</u>	<u>\$ 77,422</u>	<u>\$ 47,197</u>	<u>\$ 11,037</u>	<u>\$ 752,901</u>	<u>\$ 2,557,838</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Net Operating Income (Loss)	\$ 2,918	\$ (2,859)	\$ (52,599)	\$ 2,351	\$ (161,443)	\$ (211,632)
Adjustments to Reconcile Net Income to Net Cash From (Used For) Operating Activities:						
Depreciation and Amortization	492,934	-	33,132	-	155,432	681,498
Pension Adjustments	(358,306)	-	(6,809)	-	552,564	187,449
Decrease (Increase) in Accounts Receivable	55	(2,047)	-	(5,300)	(28,383)	(35,675)
Decrease (Increase) in Inventory	(159)	-	-	-	(596)	(755)
Decrease (Increase) in Prepaid Assets	15,887	-	-	-	59,638	75,525
Increase (Decrease) in Accounts Payable	(36,331)	3,234	(1)	498	1,389	(31,211)
Increase (Decrease) in Wages Payable	1,685	-	-	-	5,105	6,790
Increase (Decrease) in Due to Other Funds	29,570	-	-	-	-	29,570
Increase (Decrease) in Interest Payable	4,643	-	-	-	1,740	6,383
Increase (Decrease) in Deposits	-	-	-	-	(138)	(138)
Net cash from (used for) operating activities	<u>\$ 152,896</u>	<u>\$ (1,672)</u>	<u>\$ (26,277)</u>	<u>\$ (2,451)</u>	<u>\$ 585,308</u>	<u>\$ 707,804</u>

See accompanying notes to the basic financial statements.

**CITY OF CORNING
EXPENDABLE TRUST FUNDS**

Exhibit E-1

Combining Balance Sheet
June 30, 2018

	<u>J.T. Levy Trust Fund (Fund 401)</u>	<u>Ridell Library Fund (Fund 403)</u>	<u>Totals</u>
ASSETS:			
Cash and investments	\$ 25,324	\$ 263,348	\$ 288,672
Receivables:			
Intergovernmental			
County	-	-	-
Deferred compensation plan assets	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>
Total assets	\$ <u>25,324</u>	\$ <u>263,348</u>	\$ <u>288,672</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts payable	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Total liabilities	<u> -</u>	<u> -</u>	<u> -</u>
Fund Balances:			
Held in trust for:			
Scholarships	25,324	-	25,324
Library System	-	263,348	263,348
Theater	<u> -</u>	<u> -</u>	<u> -</u>
Total fund balances	<u>25,324</u>	<u>263,348</u>	<u>288,672</u>
Total liabilities and fund balances	\$ <u>25,324</u>	\$ <u>263,348</u>	\$ <u>288,672</u>

See accompanying notes to
the basic financial statements.

CITY OF CORNING
EXPENDABLE TRUST FUNDS

Exhibit E-2

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2018

	<u>J.T. Levy Trust Fund (Fund 401)</u>	<u>Ridell Library Fund (Fund 403)</u>	<u>Totals</u>
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-
Interest	<u>172</u>	<u>1,776</u>	<u>1,948</u>
Total Revenues	<u>172</u>	<u>1,776</u>	<u>1,948</u>
EXPENDITURES:			
Scholarships	250	-	250
Capital Outlay	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>250</u>	<u>-</u>	<u>250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(78)</u>	<u>1,776</u>	<u>1,698</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(78)</u>	<u>1,776</u>	<u>1,698</u>
FUND BALANCE, BEGINNING OF YEAR	25,402	261,572	286,974
Residual Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	\$ <u>25,324</u>	\$ <u>263,348</u>	\$ <u>288,672</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, 2018

Exhibit E-3

	<u>Totals</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-
Interest	500	1,948	1,448
Total Revenues	<u>500</u>	<u>1,948</u>	<u>1,448</u>
Scholarships	500	250	250
Capital Outlay	5,000	-	5,000
Other	5,000	-	5,000
Total Expenditures	<u>10,500</u>	<u>250</u>	<u>10,250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,000)</u>	<u>1,698</u>	<u>11,698</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>\$ (10,000)</u>	<u>1,698</u>	<u>\$ 11,698</u>
FUND BALANCE, BEGINNING OF YEAR		286,974	
FUND BALANCE, END OF YEAR		<u>\$ 288,672</u>	

See accompanying notes to
the basic financial statements.

CITY OF CORNING
SCHEDULES TO FOOTNOTES
Fiscal Year Ended June 30, 2018

SCHEDULE OF EXCESS EXPENDITURES:

Fund	Appropriations	Expenditures	Excess Expenditures	Additional Revenue Received
Lighting and Landscaping Fund (Fund 704)	\$ 4,792	\$ 8,688	\$ 3,896	\$ -
2013 Home Land Fund (Fund 320)	-	10,838	10,838	-
	\$ 4,792	\$ 19,526	\$ 14,734	\$ -

SCHEDULE OF DEFICIT FUND BALANCES:

Fund	Deficit Fund Balance
BCJI Program Fund (Fund 166)	\$ (10,583)
General Plan Update Fund (Fund 302)	(579)
2013 Home Land Fund (Fund 320)	(10,838)
Housing Rehabilitation RLF Fund (Fund 328)	(875)
Lighting and Landscaping Fund (Fund 702)	(174)
	\$ (37,978)

OTHER REPORTS AND SCHEDULES

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

COMBINING BALANCE SHEET - SEWER ENTERPRISE FUNDS

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

COMBINED BALANCE SHEET - WATER ENTERPRISE FUNDS

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

Donald R. Reynolds

Certified Public Accountant

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

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

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

CITY OF CORNING
SEWER ENTERPRISE FUNDS

Combining Balance Sheet

June 30, 2018

	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	\$ 17,941	\$ 592,284	\$ 512,617	\$ 188,065	\$ 68
Accounts Receivable	-	-	-	-	100,734
Inventories	-	-	-	-	16,046
Total Current Assets	<u>17,941</u>	<u>592,284</u>	<u>512,617</u>	<u>188,065</u>	<u>116,848</u>
Capital Assets					
Land and Construction in Progress	-	-	-	-	105,274
Property, Plant and Equipment	-	4,453,848	-	-	11,698,678
Accumulated Depreciation	-	(1,604,807)	-	-	(9,508,258)
Net Capital Assets	<u>-</u>	<u>2,849,041</u>	<u>-</u>	<u>-</u>	<u>2,295,694</u>
Loan Acquisition Costs	-	55,248	-	-	83,589
Accumulated Amortization	-	(3,741)	-	-	(5,630)
Net Loan Acquisition Costs	<u>-</u>	<u>51,507</u>	<u>-</u>	<u>-</u>	<u>77,959</u>
Restricted Cash:					
Loan Repayment	-	-	-	-	-
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Outflows of Resources					
Pension Contribution	-	-	-	-	163,906
Total Assets	<u>\$ 17,941</u>	<u>\$ 3,492,832</u>	<u>\$ 512,617</u>	<u>\$ 188,065</u>	<u>\$ 2,654,407</u>
LIABILITIES					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$ 282	\$ -	\$ -	\$ -	\$ 6,871
Accrued Wages	-	-	-	-	5,268
Due to Other Funds	-	-	-	-	29,570
Interest Payable	-	43,190	-	-	20,660
Current Portion of Long Term Debt	-	64,000	-	-	62,889
Total Current Liabilities	<u>282</u>	<u>107,190</u>	<u>-</u>	<u>-</u>	<u>125,258</u>
Long-Term Liabilities					
Interfund Loan Payable	-	-	-	-	-
Accrued Compensation for Future Absences	-	-	-	-	54,673
Net Pension Liability	-	-	-	-	478,574
Long-Term Debt	-	3,405,442	-	-	1,665,600
Less: Current Portion	-	(64,000)	-	-	(62,889)
Total Long-Term Liabilities	<u>-</u>	<u>3,341,442</u>	<u>-</u>	<u>-</u>	<u>2,135,958</u>
Total Liabilities	<u>282</u>	<u>3,448,632</u>	<u>-</u>	<u>-</u>	<u>2,261,216</u>
Deferred Inflows of Resources					
GASB 68 Actuarial Adjustments	-	-	-	-	19,191
Fund Equity:					
Retained Earnings:					
Investment in Capital Assets	-	(556,401)	-	-	630,094
Restricted	17,659	600,601	512,617	188,065	-
Unrestricted	-	-	-	-	(256,094)
Total Net Assets	<u>17,659</u>	<u>44,200</u>	<u>512,617</u>	<u>188,065</u>	<u>374,000</u>
Total Net Assets	<u>\$ 17,659</u>	<u>\$ 44,200</u>	<u>\$ 512,617</u>	<u>\$ 188,065</u>	<u>\$ 374,000</u>

<u>1999 COP (673,611)</u>	<u>2018 Sewer Bond Cost of Issue (Fund 652)</u>	<u>Total Sewer Enterprise Fund</u>
\$ -	\$ -	\$ 1,310,975
-	-	100,734
-	-	16,046
<u>-</u>	<u>-</u>	<u>1,427,755</u>
-	-	105,274
-	-	16,152,526
-	-	(11,113,065)
<u>-</u>	<u>-</u>	<u>5,144,735</u>
-	-	138,837
-	-	(9,371)
<u>-</u>	<u>-</u>	<u>129,466</u>
-	-	-
-	-	-
-	-	163,906
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,865,862</u>
\$ -	\$ -	\$ 7,153
-	-	5,268
-	-	29,570
-	-	63,850
-	-	126,889
<u>-</u>	<u>-</u>	<u>232,730</u>
-	-	-
-	-	54,673
-	-	478,574
-	-	5,071,042
-	-	(126,889)
<u>-</u>	<u>-</u>	<u>5,477,400</u>
<u>-</u>	<u>-</u>	<u>5,710,130</u>
-	-	19,191
-	-	-
-	-	73,693
-	-	1,318,942
-	-	(256,094)
<u>-</u>	<u>-</u>	<u>1,136,541</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,136,541</u>

See accompanying notes to the basic financial statements. City of Corning Supplemental Section Page 99

CITY OF CORNING
SEWER ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2018

	Sewer Capital Improvement Fund <u>(Fund 347)</u>	WWTP EXP. <u>(Fund 348)</u>	W.W.T.P. Capital Replacement Fund <u>(Fund 380)</u>	Sewer Capital Replacement Fund <u>(Fund 381)</u>
OPERATING REVENUES:				
Charges for Service	\$ -	\$ -	\$ -	\$ -
Connection fees	-	-	-	-
Lease and Rents	-	-	-	-
Other Revenue	<u>16,848</u>	<u>86,240</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>16,848</u>	<u>86,240</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES:				
Salaries and Benefits	-	-	-	-
Utilities	-	-	-	-
Depreciation	-	133,951	-	-
Amortization	-	1,965	-	-
Other Expenses	<u>1,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>1,538</u>	<u>135,916</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	<u>15,310</u>	<u>(49,676)</u>	<u>-</u>	<u>-</u>
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	48	72,908	3,459	1,324
Interest Expense	<u>-</u>	<u>(128,216)</u>	<u>-</u>	<u>-</u>
Net Non-Operating Revenues (Expenses)	<u>48</u>	<u>(55,308)</u>	<u>3,459</u>	<u>1,324</u>
Net Income Before Transfers	<u>15,358</u>	<u>(104,984)</u>	<u>3,459</u>	<u>1,324</u>
Operating Transfers In	-	225,000	85,000	40,000
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income	<u>15,358</u>	<u>120,016</u>	<u>88,459</u>	<u>41,324</u>
NET ASSETS, AT BEGINNING OF YEAR				
As Previously Stated	2,301	(75,816)	424,158	179,899
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As Restated	2,301	(75,816)	424,158	179,899
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,158)</u>
NET ASSETS, AT END OF YEAR	<u>\$ 17,659</u>	<u>\$ 44,200</u>	<u>\$ 512,617</u>	<u>\$ 188,065</u>

<u>Fund (Fund 610)</u>	<u>1999 COP (673,611)</u>	<u>2018 Sewer Bond Cost of Issue (Fund 652)</u>	<u>TOTAL Sewer Enterprise Fund</u>
\$ 1,890,497	\$ -	\$ -	\$ 1,890,497
-	-	-	-
8,759	-	-	8,759
<u>20,322</u>	<u>-</u>	<u>-</u>	<u>123,410</u>
<u>1,919,578</u>	<u>-</u>	<u>-</u>	<u>2,022,666</u>
596,244	-	-	596,244
78,260	-	-	78,260
354,203	-	-	488,154
2,815	-	-	4,780
<u>842,827</u>	<u>643</u>	<u>7,302</u>	<u>852,310</u>
<u>1,874,349</u>	<u>643</u>	<u>7,302</u>	<u>2,019,748</u>
<u>45,229</u>	<u>(643)</u>	<u>(7,302)</u>	<u>2,918</u>
2,435	-	53	80,227
<u>(132,218)</u>	<u>-</u>	<u>-</u>	<u>(260,434)</u>
<u>(129,783)</u>	<u>-</u>	<u>53</u>	<u>(180,207)</u>
<u>(84,554)</u>	<u>(643)</u>	<u>(7,249)</u>	<u>(177,289)</u>
-	-	-	350,000
<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
<u>(434,554)</u>	<u>(643)</u>	<u>(7,249)</u>	<u>(177,289)</u>
1,133,702	643	7,249	1,672,136
<u>(358,306)</u>	<u>-</u>	<u>-</u>	<u>(358,306)</u>
<u>775,396</u>	<u>643</u>	<u>7,249</u>	<u>1,313,830</u>
33,158	-	-	33,158
<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,158)</u>
\$ <u>374,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,136,541</u>

CITY OF CORNING
WATER ENTERPRISE FUNDS

Combining Balance Sheet
 June 30, 2018

	<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	\$ 24,106	\$ 458,606	\$ 164,208	\$ 426,984
Accounts Receivable	-	-	-	80,590
Inventories	-	-	-	60,234
Total Current Assets	<u>24,106</u>	<u>458,606</u>	<u>164,208</u>	<u>567,808</u>
Fixed Assets:				
Land and Construction in Progress	-	-	-	5,000
Property, Plant and Equipment	-	-	-	6,710,001
Accumulated Depreciation	-	-	-	(2,817,628)
Net Property, Plant and Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,897,373</u>
Loan Acquisition Costs	-	-	-	140,773
Accumulated Amortization	-	-	-	(9,384)
Net Loan Acquisition Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,389</u>
Restricted Cash:				
Loan Repayment	-	-	-	1,388
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,388</u>
Deferred Outflows of Resources				
GASB 68 Actuarial Adjustments	-	-	-	293,216
Total Assets	<u>\$ 24,106</u>	<u>\$ 458,606</u>	<u>\$ 164,208</u>	<u>\$ 4,891,174</u>
LIABILITIES				
Liabilities:				
Current Liabilities:				
Accounts Payable	\$ -	\$ -	-	14,125
Accrued Wages	-	-	-	11,388
Other accrued liabilities	-	-	-	-
Interest Payable	-	-	-	41,697
Deposits	-	-	-	30,171
Current Portion of Long Term Debt	-	-	-	151,031
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,412</u>
Long-Term Liabilities				
Accrued Compensation for Future Absences	-	-	-	54,673
Net Pension Liability	-	-	-	856,134
Long-Term Debt	-	-	-	3,438,857
Less: Current Portion	-	-	-	(151,031)
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,198,633</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,447,045</u>
Deferred Inflows of Resources				
GASB 68 Actuarial Adjustments	-	-	-	34,331
NET ASSETS				
Investment in Capital Assets	-	-	-	458,516
Restricted	24,106	458,606	-	-
Unrestricted	-	-	164,208	(48,718)
Total Net Assets	<u>\$ 24,106</u>	<u>\$ 458,606</u>	<u>\$ 164,208</u>	<u>\$ 409,798</u>

<u>Water Well Loan Reserve Fund (Fund 632)</u>	<u>Water Well Loan Reserve Fund (Fund 632)</u>	<u>2018 Water Bond (Fund 641)</u>	<u>Water Fund Reserve (Fund 645)</u>	<u>Water Rate Stabilization (Fund 646)</u>	<u>Total Water Enterprise Funds</u>
- \$	- \$	- \$	- \$	- \$	1,073,904
-	-	-	-	-	80,590
-	-	-	-	-	60,234
-	-	-	-	-	1,214,728
-	-	-	-	-	5,000
-	-	-	-	-	6,710,001
-	-	-	-	-	(2,817,628)
-	-	-	-	-	3,897,373
-	-	-	-	-	140,773
-	-	-	-	-	(9,384)
-	-	-	-	-	131,389
230,172	-	-	-	-	231,560
230,172	-	-	-	-	231,560
-	-	-	-	-	293,216
<u>230,172</u> \$	<u>-</u> \$	<u>-</u> \$	<u>-</u> \$	<u>-</u> \$	<u>5,768,266</u>
-	-	-	-	-	14,125
-	-	-	-	-	11,388
-	-	-	-	-	-
-	-	-	-	-	41,697
-	-	-	-	-	30,171
-	-	-	-	-	151,031
-	-	-	-	-	248,412
-	-	-	-	-	54,673
-	-	-	-	-	856,134
-	-	-	-	-	3,438,857
-	-	-	-	-	(151,031)
-	-	-	-	-	4,198,633
-	-	-	-	-	4,447,045
-	-	-	-	-	34,331
-	-	-	-	-	458,516
230,172	-	-	-	-	712,884
-	-	-	-	-	115,490
<u>230,172</u> \$	<u>-</u> \$	<u>-</u> \$	<u>-</u> \$	<u>-</u> \$	<u>1,286,890</u>

CITY OF CORNING
WATER ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2018

	<u>Water Capital Improvement Fund (Fund 346)</u>	<u>Water Capital Replacement Fund (Fund 383)</u>	<u>Short Lived Water Reserve (386)</u>	<u>Water Fund (Fund 630)</u>	<u>Water Stabilization Fund (631)</u>
OPERATING REVENUES:					
Charges for Service	\$ -	\$ -	\$ -	\$ 1,306,390	-
Connection fees	-	-	-	10,400	-
Lease and Rents	-	-	-	-	-
Other Revenue	8,982	-	-	2,905	-
Total Operating Revenues	<u>8,982</u>	<u>-</u>	<u>-</u>	<u>1,319,695</u>	<u>-</u>
OPERATING EXPENSES:					
Salaries and Benefits	-	-	-	827,775	-
Utilities	-	-	-	223,545	-
Depreciation	-	-	-	150,740	-
Amortization	-	-	-	4,692	-
Other Expenses	18,238	40,224	-	224,906	-
Total Operating Expenses	<u>18,238</u>	<u>40,224</u>	<u>-</u>	<u>1,431,658</u>	<u>-</u>
Operating Income (Loss)	<u>(9,256)</u>	<u>(40,224)</u>	<u>-</u>	<u>(111,963)</u>	<u>-</u>
NON-OPERATING REVENUE (EXPENSE)					
Investment Earnings	189	3,226	1,107	2,780	-
Interest Expense	-	-	-	(132,743)	-
Net Non-Operating Revenues (Expenses)	<u>189</u>	<u>3,226</u>	<u>1,107</u>	<u>(129,963)</u>	<u>-</u>
Net Income Before Transfers	<u>(9,067)</u>	<u>(36,998)</u>	<u>1,107</u>	<u>(241,926)</u>	<u>-</u>
Operating Transfers In	-	78,500	-	-	-
Operating Transfers Out	-	-	-	(78,500)	-
Net Income	<u>(9,067)</u>	<u>41,502</u>	<u>1,107</u>	<u>(320,426)</u>	<u>-</u>
NET ASSETS, AT BEGINNING OF YEAR					
As Previously Stated	33,173	417,104	163,101	160,616	-
Prior period adjustment	-	-	-	552,564	-
As Restated	33,173	417,104	163,101	713,180	-
Residual Equity Transfers In	-	-	-	17,044	230,172
Residual Equity Transfers Out	-	-	-	-	-
NET ASSETS, AT END OF YEAR	<u>\$ 24,106</u>	<u>\$ 458,606</u>	<u>\$ 164,208</u>	<u>\$ 409,798</u>	<u>\$ 230,172</u>

CITY OF CORNING
WATER ENTERPRISE FUND
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 2018

	<u>Water Well Loan Reserve Fund (632)</u>	<u>2018 Water Bond (Fund 641)</u>	<u>Water Fund Reserve (Fund 645)</u>	<u>Water Rate Stabilization (Fund 646)</u>	<u>TOTAL Water Enterprise Funds</u>
OPERATING REVENUES:					
Charges for Service	-	-	-	-	1,306,390
Connection fees	-	-	-	-	10,400
Lease and Rents	-	-	-	-	-
Other Revenue	-	-	-	-	11,887
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,328,677</u>
OPERATING EXPENSES:					
Salaries and Benefits	-	-	-	-	827,775
Utilities	-	-	-	-	223,545
Depreciation	-	-	-	-	150,740
Amortization	-	-	-	-	4,692
Other Expenses	-	-	-	-	283,368
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,490,120</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,443)</u>
NON-OPERATING REVENUE (EXPENSES)					
Investment Earnings	-	-	-	-	7,302
Interest Expense	-	-	-	-	(132,743)
Net Non-Operating Revenues (Expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,441)</u>
Net Income Before Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(286,884)</u>
Operating Transfers In	-	-	-	-	78,500
Operating Transfers Out	-	-	-	-	(78,500)
Net Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(286,884)</u>
NET ASSETS, AT BEGINNING OF YEAR					
As Previously Stated	16,915	128	1	230,172	1,021,210
Prior period adjustment	-	-	-	-	552,564
As Restated	<u>16,915</u>	<u>128</u>	<u>1</u>	<u>230,172</u>	<u>1,573,774</u>
Residual Equity Transfers In	-	-	-	-	247,216
Residual Equity Transfers Out	<u>(16,915)</u>	<u>(128)</u>	<u>(1)</u>	<u>(230,172)</u>	<u>(247,216)</u>
NET ASSETS, AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,286,890</u>