

**CORCORAN CITY COUNCIL,  
JOINT POWERS FINANCE AUTHORITY,  
SUCCESSOR AGENCY FOR CORCORAN RDA,  
& HOUSING AUTHORITY  
AGENDA**

**City Council Chambers  
1015 Chittenden Avenue  
Corcoran, CA 93212**

**Monday, April 1, 2013  
6:00 P.M.**

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**Public Inspection:** A detailed City Council packet is available for review at the City Clerk's Office, located at Corcoran City Hall, 832 Whitley Avenue.

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**Notice of ADA Compliance:** In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the City Clerks Office at (559) 992-2151 ext. 235.

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**Public Comment:** Members of the audience may address the Council on non-agenda items; However, in accordance with government code section 54954.2, the Council may not (except in very specific instances) take action on an item not appearing on the posted agenda.

This is the time for members of the public to comment on any matter within the jurisdiction of the Corcoran City Council. This is also the public's opportunity to request that a Consent Calendar item be removed from that section and made a regular agenda item. The councilmembers ask that you keep your comments brief and positive. Creative criticism, presented with appropriate courtesy, is welcome.

After receiving recognition from the chair, speakers shall walk to the rostrum, state their name and address and proceed with comments. Each speaker will be limited to five (5) minutes.

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**Consent Calendar:** All items listed under the consent calendar are considered to be routine and will be enacted by one motion. If anyone desires discussion of any item on the consent calendar, the item can be removed at the request of any member of the City Council and made a part of the regular agenda.

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**ROLL CALL**

Mayor:	Jim Wadsworth
Vice Mayor:	Jerry Robertson
Council Member:	Mark Cartwright
Council Member:	Raymond Lerma
Council Member:	Sidonio "Sid" Palmerin

**INVOCATION**

**FLAG SALUTE**

**1. PUBLIC DISCUSSION**

2. **CONSENT CALENDAR (VV)**

- 2-A. Approval of Minutes of the regular meeting on March 18, 2013.
- 2-B. Authorization to read ordinances and resolutions by title only.
- 2-C. Approval of Resolution No. 2671 supporting Roundabout on Highway 43.

3. **APPROPRIATIONS (VV)**

Approval of Warrant Register dated March 18, 2013. (Venegas)

4. **PRESENTATIONS**

- 4-A. Presentation of the 2011-12 City Audit Report by Fausto Hinojosa of Price, Paige & Company. Consider acceptance of the 2011-12 Audit Report. (Venegas) (VV)

5. **PUBLIC HEARINGS** – None

6. **WRITTEN COMMUNICATIONS** – None

7. **STAFF REPORTS**

- 7-A. Consider authorizing City Manager to sign Urban Mass Transportation Administration (UMTA) Certification and Assurances and approval of Resolution No. 2675 authorizing Federal and / or State funding for certain Transportation Projects through the California Department of Transportation. (Kroeker) (VV)
- 7-B. Consider approval of Letter of Support for the United States Navy's F-35C West Coast Home basing DEIS Naval Air Station (NAS) Lemoore (Meik) (VV)

8. **MATTERS FOR MAYOR AND COUNCIL**

- 8-A. Information Items
- 8-B. Staff Referral Items - *Items of Interest (Non-action items the Council may wish to discuss)*
- 8-C. Committee Reports

9. **CLOSED SESSION**

- 9-A. **PERSONNEL** (Government Code § 54957(b)). It is the intention of this governing body to meet in closed-session to:

- Consider the discipline, dismissal or release of a public employee.
- Hear complaints or charges against a public employee.
- Consider public employee appointment/employment for the position of:  
\_\_\_\_\_
- Consider public employee performance evaluation for the position of:  
City Manager

- 9-B. **CONFERENCE WITH LABOR NEGOTIATOR(S)** (Government Code § 54957.6). It is the intention of this governing body to meet in closed-session to review its position and to instruct its designated representatives:

- Designated representatives: Kindon Meik
- Name of employee organization: CPOA, CLOCEA, Local 39, and  
Management

- 9-C. **THREAT TO PUBLIC SERVICES OR FACILITIES** (Government Code § 54957(a)).

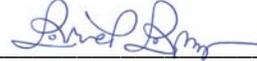
Consultation with Corcoran Police Department, Chief Shortnacy and Deputy Chief Cramer.

- 9-D. **PENDING LITIGATION** (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:

Conference with legal counsel – Deciding whether or not basis exists for closed-session for anticipated litigation (Government Code § 54956.9(d)(3)).

**10. ADJOURNMENT:**

I certify that I caused this Agenda of the Corcoran City Council meeting to be posted at the City Council Chambers, 1015 Chittenden Avenue on March 28, 2013.



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Lorraine P. Lopez, City Clerk

# Accounts Payable Voucher Approval List

User: bjh  
Printed: 03/27/2013-14:20



Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
052874	03/27/2013	Amtrak	Tickets/100 Corcoran to Hanford	145-410-300-292	1,300.00
052874	03/27/2013	Amtrak	Tickets/100 Hanford to Corcoran	145-410-300-292	1,300.00
<b>Warrant Total:</b>					<b>2,600.00</b>
052875	03/27/2013	Amtrak	Tickets/100 Corcoran to Hanford	145-410-300-292	650.00
052875	03/27/2013	Amtrak	Tickets/100 Hanford to Corcoran	145-410-300-292	650.00
<b>Warrant Total:</b>					<b>1,300.00</b>
052876	03/27/2013	ASI Administrative Solutions,	COBRA Administration	104-402-300-200	66.00
<b>Warrant Total:</b>					<b>66.00</b>
052877	03/27/2013	Blue Shield of California	Medical Insurance	104-000-202-011	40,378.73
052877	03/27/2013	Blue Shield of California	Medical Insurance	105-000-202-011	3,890.80
052877	03/27/2013	Blue Shield of California	Medical Insurance	109-000-202-011	4,147.64
052877	03/27/2013	Blue Shield of California	Medical Insurance	112-000-202-011	1,630.14
052877	03/27/2013	Blue Shield of California	Medical Insurance	120-000-202-011	5,050.68
052877	03/27/2013	Blue Shield of California	Medical Insurance	121-000-202-011	561.19
052877	03/27/2013	Blue Shield of California	Medical Insurance	145-000-202-011	4,071.32
<b>Warrant Total:</b>					<b>59,730.50</b>
052878	03/27/2013	BSK Associates	Lab Analysis	105-437-300-200	60.00
052878	03/27/2013	BSK Associates	Lab Analysis	120-435-300-200	174.00
052878	03/27/2013	BSK Associates	Lab Analysis	105-437-300-200	34.00
052878	03/27/2013	BSK Associates	Lab Analysis	105-437-300-200	136.00
052878	03/27/2013	BSK Associates	Lab Analysis	105-437-300-200	17.00
052878	03/27/2013	BSK Associates	Lab Analysis	105-437-300-200	17.00
052878	03/27/2013	BSK Associates	Lab Analysis	105-437-300-200	136.00
<b>Warrant Total:</b>					<b>574.00</b>
052879	03/27/2013	Calarco, Inc.	Granular Chlorine	120-435-300-210	88.15
<b>Warrant Total:</b>					<b>88.15</b>
052880	03/27/2013	Circle T Farms Inc	Transfer Service/Hauling Sand	105-437-300-200	500.00
<b>Warrant Total:</b>					<b>500.00</b>

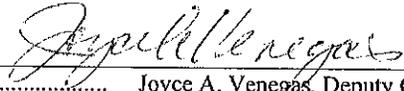
Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
052881	03/27/2013	City of Avenal	Animal Control Shelter Services	104-421-300-203	2,984.16
<b>Warrant Total:</b>					<b>2,984.16</b>
052884	03/27/2013	Corcoran Chamber Of Commerce	2013 Membership Fee	104-401-300-170	500.00
052884	03/27/2013	Corcoran Chamber Of Commerce	Annual Banquet Tickets	104-401-300-270	30.00
052884	03/27/2013	Corcoran Chamber Of Commerce	Annual Banquet Tickets	104-401-300-270	30.00
<b>Warrant Total:</b>					<b>560.00</b>
052882	03/27/2013	Collins Air	Installed Replacement A/C Unit	136-415-300-140	4,600.00
<b>Warrant Total:</b>					<b>4,600.00</b>
052883	03/27/2013	Comcast	Telephone Access for Mntce	104-432-300-220	82.43
<b>Warrant Total:</b>					<b>82.43</b>
052885	03/27/2013	Corcoran Publishing Company	Public Hearing-CUP 13/01	104-406-300-156	72.00
052885	03/27/2013	Corcoran Publishing Company	Public Hearing on Final Grantee	178-441-300-200	400.00
<b>Warrant Total:</b>					<b>472.00</b>
052886	03/27/2013	Creative Forms & Concepts	Utility Postcard Bills	104-405-300-155	2,090.30
<b>Warrant Total:</b>					<b>2,090.30</b>
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-401-300-130	790.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-402-300-130	917.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-405-300-130	1,052.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-406-300-130	175.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-407-300-130	421.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-411-300-130	367.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-412-300-130	956.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-421-300-130	7,915.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-431-300-130	490.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-432-300-130	520.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-432-320-130	19.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-433-300-130	347.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	109-434-300-130	924.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	120-435-300-130	1,713.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	121-439-300-130	382.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	105-437-300-130	4,619.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	145-410-300-130	1,281.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	136-415-300-130	490.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	112-438-300-130	246.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-402-200-121	586.50
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-405-200-121	368.25
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-406-200-121	161.50
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-407-200-121	389.25
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-412-200-121	3,376.75
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-421-200-121	20,961.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-431-200-121	640.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	104-433-200-121	2,050.50
052887	03/27/2013	CSJVRMA	Quarterly Deposit	109-434-200-121	3,376.75

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
052887	03/27/2013	CSJVRMA	Quarterly Deposit	120-435-200-121	4,177.75
052887	03/27/2013	CSJVRMA	Quarterly Deposit	121-439-200-121	464.25
052887	03/27/2013	CSJVRMA	Quarterly Deposit	112-438-200-121	887.25
052887	03/27/2013	CSJVRMA	Quarterly Deposit	145-410-200-121	4,254.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	311-408-200-121	161.25
052887	03/27/2013	CSJVRMA	Quarterly Deposit	105-437-200-121	6,557.00
052887	03/27/2013	CSJVRMA	Quarterly Deposit	177-448-200-121	161.50
052887	03/27/2013	CSJVRMA	Quarterly Deposit	178-441-200-121	302.50
<b>Warrant Total:</b>					<b>72,500.00</b>
052888	03/27/2013	De Lage Landen	Copier Lease/City Hall	104-432-300-180	461.18
<b>Warrant Total:</b>					<b>461.18</b>
052889	03/27/2013	Dept of Justice	Live Scan Fees	104-421-300-148	1,316.00
<b>Warrant Total:</b>					<b>1,316.00</b>
052890	03/27/2013	Dept of Transportation	Signals & Lighting Fee/Oct 2011-Dec 2011	109-434-300-160	24.74
<b>Warrant Total:</b>					<b>24.74</b>
052891	03/27/2013	E. G. Babcock Company	Parts	104-412-300-140	253.10
052891	03/27/2013	E. G. Babcock Company	Parts	104-412-300-140	50.23
052891	03/27/2013	E. G. Babcock Company	Parts	104-412-300-140	362.68
<b>Warrant Total:</b>					<b>666.01</b>
052892	03/27/2013	Ewing Irrigation Products, Inc	Supplies	104-412-300-210	161.36
<b>Warrant Total:</b>					<b>161.36</b>
052893	03/27/2013	Felder Communications	Install Docking Station & Bracket	104-421-300-260	723.02
<b>Warrant Total:</b>					<b>723.02</b>
052894	03/27/2013	Figueroa Construction	Concrete Bunker & Trash Bin Slab	105-437-500-550	11,404.00
<b>Warrant Total:</b>					<b>11,404.00</b>
052895	03/27/2013	Geil Enterprises, Inc	Replace Burglar Alarm Control	136-415-300-140	1,429.00
<b>Warrant Total:</b>					<b>1,429.00</b>
052896	03/27/2013	Guardian	Vision Insurance	104-000-202-011	596.24
052896	03/27/2013	Guardian	Vision Insurance	105-000-202-011	52.92
052896	03/27/2013	Guardian	Vision Insurance	109-000-202-011	50.45
052896	03/27/2013	Guardian	Vision Insurance	112-000-202-011	19.64
052896	03/27/2013	Guardian	Vision Insurance	120-000-202-011	70.70
052896	03/27/2013	Guardian	Vision Insurance	121-000-202-011	7.86
052896	03/27/2013	Guardian	Vision Insurance	145-000-202-011	77.46
<b>Warrant Total:</b>					<b>875.27</b>
052897	03/27/2013	Hanford Sentinel, Inc	Employment Ad/Reserve Officer	104-421-300-156	59.71

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount	
					<b>Warrant Total:</b>	<b>59.71</b>
052898	03/27/2013	Hayes Garage Doors	Install Doors & Automatic Door Openers	145-410-500-540	20,921.00	
					<b>Warrant Total:</b>	<b>20,921.00</b>
052899	03/27/2013	Images/RadioShack Dealer	Supplies	104-421-300-210	21.49	
052899	03/27/2013	Images/RadioShack Dealer	Supplies	104-421-300-210	42.99	
					<b>Warrant Total:</b>	<b>64.48</b>
052901	03/27/2013	Kings County Information Svc	Computer Support/Feb 2013	104-421-300-181	3,379.22	
052901	03/27/2013	Kings County Information Svc	Computer Support/Feb 2013	104-432-300-201	2,975.74	
					<b>Warrant Total:</b>	<b>6,354.96</b>
052900	03/27/2013	Kings County Assessor's Office	Annual Access Fee/Assessment Info	104-406-300-200	60.00	
					<b>Warrant Total:</b>	<b>60.00</b>
052902	03/27/2013	Kings County Tax Collector	Alcantar/030-221-002-000	178-441-300-161	397.95	
052902	03/27/2013	Kings County Tax Collector	Arvelo/030-191-002-000	177-448-300-161	463.40	
052902	03/27/2013	Kings County Tax Collector	Barbee/030-182-007-000	177-448-300-161	419.74	
052902	03/27/2013	Kings County Tax Collector	Fernandez/030-183-015-000	177-448-300-161	435.64	
052902	03/27/2013	Kings County Tax Collector	Nava/034-190-038-000	177-448-300-161	809.64	
052902	03/27/2013	Kings County Tax Collector	Ochoa/Chavez/032-085-015-000	178-441-300-161	481.78	
052902	03/27/2013	Kings County Tax Collector	Perez/034-143-074-000	179-442-300-161	194.24	
052902	03/27/2013	Kings County Tax Collector	Rodriguez/030-113-014-000	178-441-300-161	563.77	
052902	03/27/2013	Kings County Tax Collector	Rodriguez/030-124-029-000	177-448-300-161	452.08	
052902	03/27/2013	Kings County Tax Collector	Rojas/034-190-040-000	177-448-300-161	431.93	
052902	03/27/2013	Kings County Tax Collector	Verver/030-303-033-000	177-448-300-161	438.24	
					<b>Warrant Total:</b>	<b>5,088.41</b>
052903	03/27/2013	Kings County Treasurer	Bond Charges	120-435-340-343	1,938.08	
					<b>Warrant Total:</b>	<b>1,938.08</b>
052904	03/27/2013	Kindon Meik	Reimburse Expenses/Criscom Sacto Trip	104-402-300-270	85.50	
					<b>Warrant Total:</b>	<b>85.50</b>
052905	03/27/2013	Mutual of Omaha	Life Insurance	104-000-202-011	1,421.45	
052905	03/27/2013	Mutual of Omaha	Life Insurance	105-000-202-011	70.87	
052905	03/27/2013	Mutual of Omaha	Life Insurance	109-000-202-011	168.75	
052905	03/27/2013	Mutual of Omaha	Life Insurance	112-000-202-011	69.25	
052905	03/27/2013	Mutual of Omaha	Life Insurance	120-000-202-011	87.62	
052905	03/27/2013	Mutual of Omaha	Life Insurance	121-000-202-011	9.74	
052905	03/27/2013	Mutual of Omaha	Life Insurance	145-000-202-011	151.47	
052905	03/27/2013	Mutual of Omaha	Life Insurance	272-000-202-011	36.52	
					<b>Warrant Total:</b>	<b>2,015.67</b>
052906	03/27/2013	PG&E	Utilities	105-437-300-240	4,041.19	
052906	03/27/2013	PG&E	Utilities	111-601-300-240	76.15	
052906	03/27/2013	PG&E	Utilities	111-603-300-240	7.54	

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
052906	03/27/2013	PG&E	Utilities	111-604-300-240	85.99
052906	03/27/2013	PG&E	Utilities	104-412-300-240	15.27
052906	03/27/2013	PG&E	Utilities	109-434-300-240	4,603.70
052906	03/27/2013	PG&E	Utilities	104-000-120-022	578.71
<b>Warrant Total:</b>					<b>9,408.55</b>
052907	03/27/2013	Pitney Bowes	Postage Machine Lease	104-432-300-180	567.00
<b>Warrant Total:</b>					<b>567.00</b>
052908	03/27/2013	Quad Knopf, Inc.	Wells 8B & 9B Improvements	105-437-500-512	4,314.88
052908	03/27/2013	Quad Knopf, Inc.	Street Overlay Project	109-434-500-535	26,790.73
052908	03/27/2013	Quad Knopf, Inc.	2010 Urban Water Mngmnt Plan Update	105-437-300-200	3,786.75
052908	03/27/2013	Quad Knopf, Inc.	Little Caesar's Site Plan	104-406-300-200	40.32
052908	03/27/2013	Quad Knopf, Inc.	Well 8A Coordination with CDPH	105-437-500-512	161.19
052908	03/27/2013	Quad Knopf, Inc.	Signage on SH 43-Caltrans	104-406-300-200	447.75
<b>Warrant Total:</b>					<b>35,541.62</b>
052909	03/27/2013	Self Help Enterprises	Preparation of Two Reports	104-406-300-200	100.00
052909	03/27/2013	Self Help Enterprises	Activity/Delivery/COR08CH	282-533-300-200	6,353.00
052909	03/27/2013	Self Help Enterprises	Loans/M.Garcia/COR08CH	282-533-300-290	36,000.00
<b>Warrant Total:</b>					<b>42,453.00</b>
052910	03/27/2013	SNM Construction	Fuel Tank Pad	120-435-300-200	250.00
052910	03/27/2013	SNM Construction	Concrete Patch Work Around Clarifier	120-435-300-200	495.00
<b>Warrant Total:</b>					<b>745.00</b>
052911	03/27/2013	Standard & Poor's	Analytical Services/2008 Water Bond	105-437-300-200	2,000.00
<b>Warrant Total:</b>					<b>2,000.00</b>
052912	03/27/2013	Superior Electric Works Inc.	Install Hydro Ranger on Water Tank	105-437-300-140	2,621.10
<b>Warrant Total:</b>					<b>2,621.10</b>
052913	03/27/2013	T&T Pavement Markings	Street Striping Supplies	109-434-300-210	546.38
<b>Warrant Total:</b>					<b>546.38</b>
052914	03/27/2013	The Gas Co	Utilities	145-410-300-242	173.43
052914	03/27/2013	The Gas Co	Utilities	104-432-300-242	224.41
052914	03/27/2013	The Gas Co	Utilities	104-432-300-242	25.54
052914	03/27/2013	The Gas Co	Utilities	104-432-320-242	62.28
<b>Warrant Total:</b>					<b>485.66</b>
052915	03/27/2013	The Planning Center/DC&E	General Plan Update	104-426-300-200	6,242.40
<b>Warrant Total:</b>					<b>6,242.40</b>
052916	03/27/2013	The Printer	Window Envelopes	104-432-300-150	489.13
052916	03/27/2013	The Printer	Transit Passes	145-410-300-210	250.79

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
					<b>Warrant Total:</b> 739.92
052917	03/27/2013	Tonka Equipment Company	Replace 6" Layer of Athracite in Filters	105-437-300-140	30,840.68
					<b>Warrant Total:</b> 30,840.68
052918	03/27/2013	Tumupseed Electric Svc Inc	Service Work/Circular Clairifier	120-435-300-140	230.04
					<b>Warrant Total:</b> 230.04
052919	03/27/2013	Univar USA Inc	Sulfamic Acid	105-437-300-210	307.99
					<b>Warrant Total:</b> 307.99
052920	03/27/2013	USA Blue Book	Full-Face Mask Respirator/Coveralls	105-437-300-210	344.52
					<b>Warrant Total:</b> 344.52
052921	03/27/2013	Verizon California	Telephone Service	104-432-300-220	286.20
					<b>Warrant Total:</b> 286.20
052922	03/27/2013	Verizon Wireless	Cell Phone Service	104-407-300-220	34.29
052922	03/27/2013	Verizon Wireless	Cell Phone Service	145-410-300-220	137.16
052922	03/27/2013	Verizon Wireless	Cell Phone Service	105-437-300-220	104.62
					<b>Warrant Total:</b> 276.07
052923	03/27/2013	Volunteer Fire Dept	Contributions	104-422-300-204	1,855.00
					<b>Warrant Total:</b> 1,855.00
052924	03/27/2013	Vulcan Materials Company	Coldmix	109-434-300-210	348.21
					<b>Warrant Total:</b> 348.21
052925	03/27/2013	Wright's Electric	Electrical Repairs/Lamps	145-410-300-140	74.07
052925	03/27/2013	Wright's Electric	Electrical Repairs/Lamps	104-432-300-210	77.78
					<b>Warrant Total:</b> 151.85




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 Joyce A. Venegas, Deputy City Mgr/Finance Director
 

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<u>Fund</u>	<u>Description</u>	<u>Amount</u>
104	General	111,752.36
105	Water Fund	76,017.51
109	Gas Taxes	40,981.35
111	Assessments	169.68
112	Refuse Fund	2,852.28
120	Wastewater/Sanitary Sewer	14,275.02
121	Wastewater/Storm Drain	1,425.04
136	RAO Operations	6,519.00
145	Transit	35,291.70
177	Home Program Income	3,612.17
178	State Program Income	2,146.00
179	Federal Program Income	194.24
272	09-STBG-6408	36.52
282	Cal Home Active Grants	42,353.00
311	City as Successor RDA	161.25
	<b>Report Total:</b>	<b>337,787.12</b>

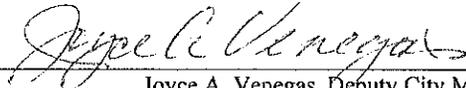
# Accounts Payable Voucher Approval List



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Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
052859	03/26/2013	DANIEL CAUDILLO	Refund check	105-000-202-010	109.33
<b>Warrant Total:</b>					<b>109.33</b>
052862	03/26/2013	DOLLAR DISCOUNT CITY	Refund check	105-000-202-010	60.00
<b>Warrant Total:</b>					<b>60.00</b>
052868	03/26/2013	ALBERTO RODRIGUEZ	Refund check	105-000-202-010	6.15
<b>Warrant Total:</b>					<b>6.15</b>
052861	03/26/2013	ROGELIO DIAZ	Refund check	105-000-202-010	60.00
<b>Warrant Total:</b>					<b>60.00</b>
052863	03/26/2013	JUDY HERNANDEZ	Refund check	105-000-202-010	60.00
<b>Warrant Total:</b>					<b>60.00</b>
052869	03/26/2013	SALTAIRE PLACE	Refund check	105-000-202-010	116.68
052869	03/26/2013	SALTAIRE PLACE	Refund check	120-000-202-010	24.34
052869	03/26/2013	SALTAIRE PLACE	Refund check	121-000-202-010	5.87
<b>Warrant Total:</b>					<b>146.89</b>
052870	03/26/2013	VATANDEEP SINGH	Refund check	105-000-202-010	30.40
<b>Warrant Total:</b>					<b>30.40</b>
052857	03/26/2013	KENNETH ARMBRUSTER	Refund check	105-000-202-010	60.00
<b>Warrant Total:</b>					<b>60.00</b>
052860	03/26/2013	ANTONIO CEJA	Refund check	105-000-202-010	2.00
<b>Warrant Total:</b>					<b>2.00</b>
052866	03/26/2013	ARLENE MAYHEW	Refund check	105-000-202-010	93.01
<b>Warrant Total:</b>					<b>93.01</b>
052856	03/26/2013	SARA AHMED	Refund check	105-000-202-010	39.73

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
				<b>Warrant Total:</b>	<b>39.73</b>
052873	03/26/2013	OSCAR ZARAGOZA	Refund check	105-000-202-010	55.13
				<b>Warrant Total:</b>	<b>55.13</b>
052864	03/26/2013	ANA JIMENEZ MORA	Refund check	105-000-202-010	56.83
				<b>Warrant Total:</b>	<b>56.83</b>
052871	03/26/2013	THE HATCH GROUP	Refund check	105-000-202-010	79.49
				<b>Warrant Total:</b>	<b>79.49</b>
052872	03/26/2013	MARIA WILCHES	Refund check	105-000-202-010	47.80
052872	03/26/2013	MARIA WILCHES	Refund check	120-000-202-010	18.54
052872	03/26/2013	MARIA WILCHES	Refund check	112-000-202-010	25.91
052872	03/26/2013	MARIA WILCHES	Refund check	121-000-202-010	4.46
052872	03/26/2013	MARIA WILCHES	Refund check	120-000-202-010	1.58
052872	03/26/2013	MARIA WILCHES	Refund check	105-000-202-010	2.00
				<b>Warrant Total:</b>	<b>100.29</b>
052865	03/26/2013	ISALAH MARTINEZ	Refund check	105-000-202-010	24.65
				<b>Warrant Total:</b>	<b>24.65</b>
052858	03/26/2013	MICHAEL BASINET	Refund check	105-000-202-010	57.82
				<b>Warrant Total:</b>	<b>57.82</b>
052867	03/26/2013	CHRISTINA NAVARRO	Refund check	105-000-202-010	81.80
				<b>Warrant Total:</b>	<b>81.80</b>



..... Joyce A. Venegas, Deputy City Mgr/Finance Director .....

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
105	Water Fund	1,042.82
112	Refuse Fund	25.91
120	Wastewater/Sanitary Sewer	44.46
121	Wastewater/Storm Drain	10.33
	<b>Report Total:</b>	<b>1,123.52</b>

City of

# CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

## PRESENTATIONS

ITEM: #4A

### MEMO

**TO:** Corcoran City Council  
Redevelopment Agency of the City of Corcoran Board

**FROM:** Joyce A. Venegas, Deputy City Manager/Finance Director

**DATE:** March 26, 2013      **MEETING DATE:** April 1, 2013

**SUBJECT:** Presentation of audit report for FYE 6/30/12

#### Recommendation: (Voice Vote)

Move to accept the audit reports for the City and Redevelopment Agency for the fiscal year ended 6/30/12 as prepared by Price, Paige & Company.

#### Discussion:

Fausto Hinjosa and Lan Bui from Price, Paige & Company will be at the meeting to present the audit report. A copy of the report is attached.

#### CITY OFFICES:

832 Whitley Avenue • Corcoran, CA 93212 • Phone 559/992-2151 • [www.cityofcorcoran.com](http://www.cityofcorcoran.com)

To view a copy of the

**Financial Statements  
For the Year Ended  
June 30, 2012**

Please contact:

**Joyce Venegas  
Deputy City Manager/Finance Director  
at 559-992-2151, ext. 224**

Or

the City Clerk's Office at:

**City of Corcoran  
832 Whitley Avenue  
Corcoran, California  
559-992-2151, ext. 235**

Or

on the City's website at:

**<http://www.cityofcorcoran.com/citygov/agendas.asp>  
click on Council Packet for 4/1/2013**

**CITY OF CORCORAN  
CALIFORNIA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2012**

**CITY OF CORCORAN  
JUNE 30, 2012**

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**CITY OF CORCORAN  
JUNE 30, 2012**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Corcoran, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corcoran, California (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Redevelopment Agency of the City of Corcoran has been dissolved and its assets turned over to and liabilities assumed by the Successor Agencies effective January 31, 2012. Certain transactions undertaken by the Redevelopment Agency of the City of Corcoran prior to the date of dissolution may be subject to review by the State as discussed in Note 15, but the effect of that review cannot be determined as of June 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013 on our consideration of the City's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 our audit.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 58 through 61 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

*Price Pange & Company*

Clovis, California  
March 25, 2013

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF CORCORAN  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and investments:			
Unrestricted	\$ 5,592,147	\$ 6,509,999	\$ 12,102,146
Restricted	-	69,706	69,706
Cash with fiscal agent - restricted	76,507	2,348,656	2,425,163
Receivables	14,164,729	1,508,523	15,673,252
Prepaid expenses	11,459	-	11,459
Deposits	80,611	-	80,611
Property held for resale	2,102,299	-	2,102,299
Due from Successor Agency	88,313	-	88,313
Bond issuance costs	-	150,729	150,729
Deferred outflow of resources	-	4,861,396	4,861,396
Capital assets:			
Non-depreciable	1,193,028	1,093,958	2,286,986
Depreciable, net of accumulated depreciation	<u>10,489,502</u>	<u>28,324,988</u>	<u>38,814,490</u>
<b>Total assets</b>	<b><u>33,798,595</u></b>	<b><u>44,867,955</u></b>	<b><u>78,666,550</u></b>
<b><u>LIABILITIES</u></b>			
Accounts payable	451,207	500,665	951,872
Deposits	52,582	-	52,582
Interest payable	-	161,075	161,075
Deferred revenues	13,498,695	-	13,498,695
Noncurrent liabilities:			
Due within one year:			
Note payable	-	92,205	92,205
Certificate of participation	50,000	570,000	620,000
Compensated absences	193,406	18,537	211,943
Derivative instrument liability	-	4,861,396	4,861,396
Due in more than one year:			
Note payable	-	462,107	462,107
Certificate of participation	250,000	22,278,778	22,528,778
Compensated absences	<u>173,454</u>	<u>10,895</u>	<u>184,349</u>
<b>Total liabilities</b>	<b><u>14,669,344</u></b>	<b><u>28,955,658</u></b>	<b><u>43,625,002</u></b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	11,382,530	6,015,856	17,398,386
Restricted for:			
Debt service	89,057	2,418,362	2,507,419
Community development	1,338,884	-	1,338,884
Public safety	300,957	-	300,957
Transportation and streets	1,953,992	-	1,953,992
Parks and recreation	101,734	-	101,734
Unrestricted	<u>3,962,097</u>	<u>7,478,079</u>	<u>11,440,176</u>
<b>Total net assets</b>	<b><u>\$ 19,129,251</u></b>	<b><u>\$ 15,912,297</u></b>	<b><u>\$ 35,041,548</u></b>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF CORCORAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS:</b>							
Governmental activities:							
General government	\$ 960,346	\$ -	\$ -	\$ -	\$ (960,346)	\$ -	\$ (960,346)
Community development	2,015,480	36,735	1,121,963	-	(856,782)	-	(856,782)
Public safety	3,421,819	29,088	196,960	-	(3,195,771)	-	(3,195,771)
Public works	969,899	-	980,537	518,335	528,973	-	528,973
Parks and recreation	485,066	-	-	-	(485,066)	-	(485,066)
Interest on long-term debt	118,084	-	-	-	(118,084)	-	(118,084)
<b>Total governmental activities</b>	<b>7,970,694</b>	<b>65,823</b>	<b>2,299,460</b>	<b>518,335</b>	<b>(5,087,076)</b>	<b>-</b>	<b>(5,087,076)</b>
Business-type activities:							
Water	4,043,492	4,399,891	-	-	-	356,399	356,399
Sewer	1,229,765	1,017,318	-	-	-	(212,447)	(212,447)
Refuse	1,573,581	1,661,986	-	-	-	88,405	88,405
Storm drain	322,689	305,273	-	-	-	(17,416)	(17,416)
Transit	772,370	74,840	566,257	-	-	(131,273)	(131,273)
<b>Total business-type activities</b>	<b>7,941,897</b>	<b>7,459,308</b>	<b>566,257</b>	<b>-</b>	<b>-</b>	<b>83,668</b>	<b>83,668</b>
<b>Total</b>	<b>\$ 15,912,591</b>	<b>\$ 7,525,131</b>	<b>\$ 2,865,717</b>	<b>\$ 518,335</b>	<b>(5,087,076)</b>	<b>83,668</b>	<b>(5,003,408)</b>
General revenues:							
Taxes:							
Property taxes					914,691	-	914,691
Sales and use taxes					1,090,486	-	1,090,486
Franchise taxes					234,959	-	234,959
Other taxes					530,315	-	530,315
Motor vehicle in-lieu					2,196,314	-	2,196,314
Investment income					17,334	37,786	55,120
Rental income					315,816	53,399	369,215
Miscellaneous					203,773	61,566	265,339
Extraordinary item - RDA Dissolution					227,413	-	227,413
Transfers					2,000,000	(2,000,000)	-
<b>Total general revenues and transfers</b>					<b>7,731,101</b>	<b>(1,847,249)</b>	<b>5,883,852</b>
Changes in net assets					2,644,025	(1,763,581)	880,444
Net assets, July 1, 2011					16,455,747	17,380,334	33,836,081
Prior period adjustment					29,479	295,544	325,023
Net assets, July 1, 2011, as restated					16,485,226	17,675,878	34,161,104
Net assets, June 30, 2012					<b>\$ 19,129,251</b>	<b>\$ 15,912,297</b>	<b>\$ 35,041,548</b>

The notes to the basic financial statements are an integral part of this statement.

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## FUND FINANCIAL STATEMENTS

**CITY OF CORCORAN**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	General Fund	Corcoran Redevelopment Agency Debt Service Fund	Transportation and Street	Home Program Special Revenue Fund	Community Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments:							
Unrestricted	\$ 2,021,483	\$ -	\$ 1,824,334	\$ -	\$ -	\$ 1,746,331	\$ 5,592,148
Cash with fiscal agent:							
Restricted	-	-	-	-	-	76,507	76,507
Receivables	248,727	-	328,258	2,502,459	-	1,433,153	4,512,597
Due from other funds	91,890	-	-	-	-	37,255	129,145
Prepaid expenses	11,459	-	-	-	-	-	11,459
Deposits	80,611	-	-	-	-	-	80,611
Property held for resale	2,102,299	-	-	-	-	-	2,102,299
<b>Total assets</b>	<b>\$ 4,556,469</b>	<b>\$ -</b>	<b>\$ 2,152,592</b>	<b>\$ 2,502,459</b>	<b>\$ -</b>	<b>\$ 3,293,246</b>	<b>\$ 12,504,766</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 287,594	\$ -	\$ 102,999	\$ 352	\$ -	\$ 60,262	\$ 451,207
Due to other funds	-	-	-	37,255	-	3,577	40,832
Deposits	51,882	-	-	-	-	700	52,582
Deferred revenue	197,342	-	95,601	2,431,606	-	1,431,331	4,155,880
<b>Total liabilities</b>	<b>536,818</b>	<b>-</b>	<b>198,600</b>	<b>2,469,213</b>	<b>-</b>	<b>1,495,870</b>	<b>4,700,501</b>
Fund balances:							
Nonspendable:							
Prepaid expenses	11,459	-	-	-	-	-	11,459
Property held for resale	2,102,299	-	-	-	-	-	2,102,299
Restricted for:							
Debt service	-	-	-	-	-	89,057	89,057
Community development	-	-	-	33,246	-	1,305,638	1,338,884
Public safety	-	-	-	-	-	300,957	300,957
Transportation and streets	-	-	1,953,992	-	-	-	1,953,992
Parks and recreation	-	-	-	-	-	101,734	101,734
Unassigned	1,905,893	-	-	-	-	(10)	1,905,883
<b>Total fund balances</b>	<b>4,019,651</b>	<b>-</b>	<b>1,953,992</b>	<b>33,246</b>	<b>-</b>	<b>1,797,376</b>	<b>7,804,265</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,556,469</b>	<b>\$ -</b>	<b>\$ 2,152,592</b>	<b>\$ 2,502,459</b>	<b>\$ -</b>	<b>\$ 3,293,246</b>	<b>\$ 12,504,766</b>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF CORCORAN  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
JUNE 30, 2012**

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - total governmental funds	\$ 7,804,265
Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds.	11,682,530
Long-term liabilities were not due and payable in the current period; therefore, they are not reported in the governmental funds.	(666,860)
Other long-term assets are not available to pay for current period expenditures; therefore, they are deferred in the governmental funds.	<u>309,316</u>
Net assets of governmental activities	<u>\$ 19,129,251</u>

**CITY OF CORCORAN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Corcoran Redevelopment Agency Debt Service Fund	Transportation and Street Special Revenue Fund	Home Program Special Revenue Fund	Community Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Property taxes	\$ 233,086	\$ 539,086	\$ -	\$ -	\$ -	\$ 143,288	\$ 915,460
Other taxes	1,374,284	-	-	-	-	-	1,374,284
Licenses and permits	85,120	-	-	-	-	-	85,120
Intergovernmental revenues	2,284,583	-	1,735,425	-	-	7,379	4,027,387
Charges for services	54,491	-	-	-	-	-	54,491
Fines and penalties	27,911	-	-	-	-	-	27,911
Use of money and property	241,562	976	7,236	214	-	90,501	340,489
Grant drawdowns	45,541	-	-	482,757	-	467,515	995,813
Loan repayments	-	-	-	129,397	-	120,100	249,497
Miscellaneous	106,083	-	40	1,234	-	97,886	205,243
<b>Total revenues</b>	<u>4,452,661</u>	<u>540,062</u>	<u>1,742,701</u>	<u>613,602</u>	<u>-</u>	<u>926,669</u>	<u>8,275,695</u>
<b>EXPENDITURES:</b>							
<b>Current:</b>							
General government	845,226	-	-	-	-	11,110	856,336
Community development	183	7,896	-	636,160	700,636	596,870	1,941,745
Public safety	3,302,765	-	-	-	-	224,257	3,527,022
Public works	258,725	-	518,376	-	-	-	777,101
Parks and recreation	384,161	-	-	-	-	-	384,161
<b>Capital outlay:</b>							
General government	52,702	-	-	-	-	-	52,702
Public works	16,731	-	575,297	-	-	-	592,028
Parks and recreation	-	-	-	-	-	8,847	8,847
<b>Debt service:</b>							
Principal retirement	-	190,000	-	-	-	45,000	235,000
Interest and fiscal charges	-	88,771	-	-	-	29,313	118,084
<b>Total expenditures</b>	<u>4,860,493</u>	<u>286,667</u>	<u>1,093,673</u>	<u>636,160</u>	<u>700,636</u>	<u>915,397</u>	<u>8,493,026</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(407,832)</u>	<u>253,395</u>	<u>649,028</u>	<u>(22,558)</u>	<u>(700,636)</u>	<u>11,272</u>	<u>(217,331)</u>
<b>Other financing sources (uses):</b>							
Operating transfers in	2,124,300	-	390,000	-	-	281,652	2,795,952
Operating transfers out	(100,000)	-	(390,000)	-	-	(305,952)	(795,952)
<b>Total other financing sources (uses)</b>	<u>2,024,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,300)</u>	<u>2,000,000</u>
<b>EXTRAORDINARY ITEM:</b>							
RDA dissolution	(2,278,302)	(2,296,361)	-	-	5,146,657	(241,900)	330,094
<b>Total extraordinary item</b>	<u>(2,278,302)</u>	<u>(2,296,361)</u>	<u>-</u>	<u>-</u>	<u>5,146,657</u>	<u>(241,900)</u>	<u>330,094</u>
<b>Net changes in fund balances</b>	<u>(661,834)</u>	<u>(2,042,966)</u>	<u>649,028</u>	<u>(22,558)</u>	<u>4,446,021</u>	<u>(254,928)</u>	<u>2,112,763</u>
Fund balances, July 1, 2011	4,603,485	2,042,966	1,304,964	55,804	(4,446,021)	2,052,304	5,613,502
Prior period adjustment	78,000	-	-	-	-	-	78,000
Fund balances, July 1, 2011, as restated	<u>4,681,485</u>	<u>2,042,966</u>	<u>1,304,964</u>	<u>55,804</u>	<u>(4,446,021)</u>	<u>2,052,304</u>	<u>5,691,502</u>
<b>Fund balances, June 30, 2012</b>	<u>\$ 4,019,651</u>	<u>\$ -</u>	<u>\$ 1,953,992</u>	<u>\$ 33,246</u>	<u>\$ -</u>	<u>\$ 1,797,376</u>	<u>\$ 7,804,265</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF CORCORAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 2,112,763
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is capitalized. This is the amount of capital assets recorded.	840,497
Depreciation expense on capital assets is reported in the government-wide statement of activities, but it does not require the use of current financial resources; therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(499,240)
Net assets transferred from the governmental activities to the successor agency trust fund as a result of RDA dissolution.	(176,030)
Compensated absences expense reported in the statement of activities does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.	19,064
Other long-term assets are not available to pay for current period expenditures; therefore, they are deferred in the governmental funds.	111,971
The issuance of long-term debt (eg., bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>235,000</u>
Changes in net assets of governmental activities	<u>\$ 2,644,025</u>

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## ENTERPRISE FUNDS

**CITY OF CORCORAN  
STATEMENT OF NET ASSETS  
ENTERPRISE FUNDS  
JUNE 30, 2012**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents:						
Unrestricted	\$ 5,146,926	\$ 458,159	\$ 150,340	\$ 620,922	\$ 133,652	\$ 6,509,999
Restricted	69,706	-	-	-	-	69,706
Cash with fiscal agent - restricted	2,348,656	-	-	-	-	2,348,656
Receivables	686,930	202,119	304,729	253,394	61,351	1,508,523
Due from other funds	-	23,233	27,495	-	4,262	54,990
Unamortized bond issuance cost	150,729	-	-	-	-	150,729
Total current assets	<u>8,402,947</u>	<u>683,511</u>	<u>482,564</u>	<u>874,316</u>	<u>199,265</u>	<u>10,642,603</u>
Noncurrent assets:						
Advances to other funds	373,900	-	-	-	-	373,900
Deferred outflow of resources	4,861,396	-	-	-	-	4,861,396
Capital assets:						
Nondepreciable	770,686	276,619	-	-	46,653	1,093,958
Depreciable, net of accumulated depreciation	22,668,453	2,990,957	5,037	783,260	1,877,281	28,324,988
Total noncurrent assets	<u>28,674,435</u>	<u>3,267,576</u>	<u>5,037</u>	<u>783,260</u>	<u>1,923,934</u>	<u>34,654,242</u>
Total assets	<u>37,077,382</u>	<u>3,951,087</u>	<u>487,601</u>	<u>1,657,576</u>	<u>2,123,199</u>	<u>45,296,845</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	325,328	52,412	109,561	7,858	5,506	500,665
Interest payable	161,075	-	-	-	-	161,075
Due to other funds	54,989	-	-	-	-	54,989
Compensated absences	9,948	8,589	-	-	-	18,537
Certificates of participation	570,000	-	-	-	-	570,000
Notes payable	59,725	32,480	-	-	-	92,205
Total current liabilities	<u>1,181,065</u>	<u>93,481</u>	<u>109,561</u>	<u>7,858</u>	<u>5,506</u>	<u>1,397,471</u>
Noncurrent liabilities:						
Compensated absences	5,867	-	416	3,658	954	10,895
Advances from other funds	-	-	-	-	373,900	373,900
Certificates of participation	22,278,778	-	-	-	-	22,278,778
Notes payable	387,299	74,808	-	-	-	462,107
Derivative instrument liability	4,861,396	-	-	-	-	4,861,396
Total noncurrent liabilities	<u>27,533,340</u>	<u>74,808</u>	<u>416</u>	<u>3,658</u>	<u>374,854</u>	<u>27,987,076</u>
Total liabilities	<u>28,714,405</u>	<u>168,289</u>	<u>109,977</u>	<u>11,516</u>	<u>380,360</u>	<u>29,384,547</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	143,337	3,160,288	5,037	783,260	1,923,934	6,015,856
Restricted for:						
Debt service	2,418,362	-	-	-	-	2,418,362
Unrestricted	5,801,278	622,510	372,587	862,800	(181,095)	7,478,080
Total net assets	<u>\$ 8,362,977</u>	<u>\$ 3,782,798</u>	<u>\$ 377,624</u>	<u>\$ 1,646,060</u>	<u>\$ 1,742,839</u>	<u>\$ 15,912,298</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF CORCORAN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 4,399,716	\$ 1,017,318	\$ 1,661,986	\$ 74,840	\$ 305,273	\$ 7,459,133
Connection fees	<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175</u>
Total operating revenues	<u>4,399,891</u>	<u>1,017,318</u>	<u>1,661,986</u>	<u>74,840</u>	<u>305,273</u>	<u>7,459,308</u>
<b>OPERATING EXPENSES:</b>						
Personnel costs	397,935	285,922	59,629	276,372	31,745	1,051,603
Maintenance and supplies	1,521,646	464,626	1,429,137	67,270	23,342	3,506,021
Depreciation and amortization	1,076,462	339,624	2,847	76,987	94,347	1,590,267
Administrative and allocated costs	<u>182,576</u>	<u>133,586</u>	<u>81,968</u>	<u>351,741</u>	<u>173,255</u>	<u>923,126</u>
Total operating expenses	<u>3,178,619</u>	<u>1,223,758</u>	<u>1,573,581</u>	<u>772,370</u>	<u>322,689</u>	<u>7,071,017</u>
Operating income (loss)	<u>1,221,272</u>	<u>(206,440)</u>	<u>88,405</u>	<u>(697,530)</u>	<u>(17,416)</u>	<u>388,291</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Interest income	34,314	2,722	313	45	386	37,780
Rental income	49,210	-	-	4,200	-	53,410
Grants	-	-	-	422,464	-	422,464
Capital contributions	12,753	37,336	-	-	2,400	52,489
Intergovernmental	-	-	-	143,793	-	143,793
Other income	271	436	7,036	266	1,064	9,073
Interest and fiscal charges	<u>(864,873)</u>	<u>(6,007)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(870,880)</u>
Total non-operating revenues (expenses)	<u>(768,325)</u>	<u>34,487</u>	<u>7,349</u>	<u>570,768</u>	<u>3,850</u>	<u>(151,871)</u>
<b>Other financing sources (uses):</b>						
Operating transfers in	-	204,622	-	-	-	204,622
Operating transfers out	<u>(2,000,000)</u>	<u>(204,622)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,204,622)</u>
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>
Changes in net assets	<u>(1,547,053)</u>	<u>(171,953)</u>	<u>95,754</u>	<u>(126,762)</u>	<u>(13,566)</u>	<u>(1,763,580)</u>
Net assets, July 1, 2011	9,809,463	3,759,774	281,870	1,772,822	1,756,405	17,380,334
Prior period adjustment	<u>100,567</u>	<u>194,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,544</u>
Net assets, July 1, 2011, as restated	<u>9,910,030</u>	<u>3,954,751</u>	<u>281,870</u>	<u>1,772,822</u>	<u>1,756,405</u>	<u>17,675,878</u>
Net assets, June 30, 2012	<u>\$ 8,362,977</u>	<u>\$ 3,782,798</u>	<u>\$ 377,624</u>	<u>\$ 1,646,060</u>	<u>\$ 1,742,839</u>	<u>\$ 15,912,298</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF CORCORAN  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Cash flows from operating activities:						
Cash received from customers	\$ 4,456,652	\$ 1,196,238	\$ 1,646,633	\$ 74,840	\$ 302,083	\$ 7,676,446
Cash payments to suppliers for goods and services	(1,438,204)	(521,997)	(1,423,038)	(476,573)	(25,164)	(3,884,976)
Cash payments to employees for services	(396,137)	(291,519)	(60,951)	(276,372)	(32,367)	(1,057,346)
Cash payments to other funds for allocated costs	(181,717)	(133,949)	(82,398)	-	(173,322)	(571,386)
Net cash provided (used) by operating activities	<u>2,440,594</u>	<u>248,773</u>	<u>80,246</u>	<u>(678,105)</u>	<u>71,230</u>	<u>2,162,738</u>
Cash flows from noncapital financing activities:						
Proceeds from non-operating revenues	49,210	-	-	4,200	-	53,410
Transfers to other funds	(2,000,000)	-	-	-	-	(2,000,000)
Net cash provided (used) by noncapital financing activities	<u>(1,950,790)</u>	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>-</u>	<u>(1,946,590)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(622,690)	(410,604)	-	(5,948)	(10,927)	(1,050,169)
Principal payment	(570,288)	(31,352)	-	-	-	(601,640)
Interfund loan repayment	2,006,100	-	-	-	-	2,006,100
Grants	-	-	-	292,775	-	292,775
Intergovernmental	-	-	-	144,059	-	144,059
Capital contributions	12,753	37,336	-	-	2,400	52,489
Other receipts	305	437	2,237	-	1,064	4,043
Interest and fiscal charges	(978,558)	(6,007)	-	-	-	(984,565)
Bond discount	(17,939)	-	-	-	-	(17,939)
Net cash provided (used) by capital and related financing activities	<u>(170,317)</u>	<u>(410,190)</u>	<u>2,237</u>	<u>430,886</u>	<u>(7,463)</u>	<u>(154,847)</u>
Cash flows from investing activities:						
Interest on investments	36,245	3,207	7	153	592	40,204
Net cash provided (used) by investing activities	<u>36,245</u>	<u>3,207</u>	<u>7</u>	<u>153</u>	<u>592</u>	<u>40,204</u>
Increase (decrease) in cash and cash equivalents	355,732	(158,210)	82,490	(242,866)	64,359	101,505
Cash and cash equivalents, July 1, 2011	<u>7,209,556</u>	<u>616,369</u>	<u>67,850</u>	<u>863,788</u>	<u>69,293</u>	<u>8,826,856</u>
Cash and cash equivalents, June 30, 2012	<u>\$ 7,565,288</u>	<u>\$ 458,159</u>	<u>\$ 150,340</u>	<u>\$ 620,922</u>	<u>\$ 133,652</u>	<u>\$ 8,928,361</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF CORCORAN  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Operating income (loss)	\$ 1,221,272	\$ (206,440)	\$ 88,405	\$ (697,530)	\$ (17,416)	\$ 388,291
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,016,102	339,624	2,847	76,987	94,347	1,529,907
Amortization	60,360	-	-	-	-	60,360
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable, net	56,761	178,922	(15,355)	-	(3,190)	217,138
(Increase) decrease in due from other funds	-	(363)	(430)	-	(67)	(860)
(Increase) decrease in deposits	3,616	-	-	-	-	3,616
(Increase) decrease in prepaids	-	5,580	2,205	-	620	8,405
Increase (decrease) in accounts payable	79,826	(62,951)	3,896	(57,562)	3,658	(33,133)
Increase (decrease) in due to other funds	859	-	-	-	(6,100)	(5,241)
Increase (decrease) in compensated absences	1,798	(5,599)	(1,322)	-	(622)	(5,745)
Net cash provided (used) by operating activities	<u>\$ 2,440,594</u>	<u>\$ 248,773</u>	<u>\$ 80,246</u>	<u>\$ (678,105)</u>	<u>\$ 71,230</u>	<u>\$ 2,162,738</u>

**Reconciliation of Cash to Balance Sheet**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Cash and cash equivalents:						
Unrestricted	\$ 5,146,926	\$ 458,159	\$ 150,340	\$ 620,922	\$ 133,652	\$ 6,509,999
Restricted	69,706	-	-	-	-	69,706
Cash with fiscal agent - restricted	<u>2,348,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,348,656</u>
	<u>\$ 7,565,288</u>	<u>\$ 458,159</u>	<u>\$ 150,340</u>	<u>\$ 620,922</u>	<u>\$ 133,652</u>	<u>\$ 8,928,361</u>

The notes to the basic financial statements are an integral part of this statement.

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## FIDUCIARY FUNDS

**CITY OF CORCORAN  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

	Agency Funds	RDA Successor Agency Trust Fund
<b><u>ASSETS</u></b>		
Cash	\$ 24,395	\$ 46,837
Cash with fiscal agent	-	317,650
Receivables:		
Accounts	-	16,290
Interest	171	-
Notes	1,162,033	-
Capital assets, net	-	3,545,571
 Total assets	 \$ 1,186,599	 \$ 3,926,348
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ -	\$ 63,477
Due to City of Corcoran	-	88,313
Bond payable	-	3,507,385
Due to other agencies	1,186,599	-
 Total liabilities	 1,186,599	 3,659,175
<b><u>NET ASSETS</u></b>		
Held in trust	\$ -	\$ 267,173

The notes to the basic financial statements are an integral part of this statement.

**CITY OF CORCORAN  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>RDA Successor Agency Trust Fund</u>
<b><u>ADDITIONS</u></b>	
Taxes	\$ 208,240
Total additions	<u>208,240</u>
<b><u>DEDUCTIONS</u></b>	
Planning and community development	6,768
Operating transfers out	11,948
Depreciation	52,394
Amortization	12,161
Interest	<u>85,209</u>
Total Deductions	<u>168,480</u>
Change in net assets	39,760
Extraordinary gain	227,413
Net assets, beginning of year	<u>-</u>
Net assets, ending of year	<u>\$ 267,173</u>

The notes to the basic financial statements are an integral part of this statement.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Corcoran (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the government's accounting principles are described below.

**Reporting Entity**

The City of Corcoran (the City) was incorporated on August 11, 1914, as a general law city. The City has a council/manager form of government and is governed by a five-member elected council. The City Manager is appointed by the City Council. The City provides the following services: public safety (police), water utility, sanitation (solid waste disposal, sanitary wastewater and storm water utilities), parks and recreation, community development, public works, and general administrative services.

The accompanying basic financial statements include the financial activities of the City, the primary government, and its component units, which are the Corcoran Redevelopment Agency (the Agency) and the Corcoran Public Financing Authority (the Authority). As further described in Note 15, the Agency was dissolved effective February 1, 2012. As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations. Further, the council has significant influence over the operations of the component units and data from these units are combined with data of the primary government. The blended component units each have a June 30 year-end. No separate annual financial statements are prepared for these component units.

**Blended Component Units**

The ***Corcoran Redevelopment Agency*** (the Agency) was established by Ordinance No. 286, adopted on February 5, 1973, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law." The Agency was formed in order to redevelop, rehabilitate and revitalize the area within the boundaries of the Corcoran Industrial Sector Redevelopment Project to provide additional employment opportunities, and to provide safe, decent, sanitary and affordable housing, including housing for persons with low or moderate income. The membership of the Agency is comprised solely of individuals who serve on the Corcoran City Council and the administrative staff from the Agency. The financial activity of the Corcoran Redevelopment Agency has been blended into the City's financial statements. The funds of the Agency have been included in the governmental activities in the financial statements. As further describe in Note 15, the Agency was dissolved effective February 1, 2012.

The ***Corcoran Joint Powers Finance Authority*** (the Authority) is a non-profit corporation incorporated under the laws of the State of California in 1987. The formation of the Authority creates a financing entity through which tax allocation revenue bonds can be issued for the purpose of financing or refinancing capital projects of the Community Redevelopment Agency as permitted by the Community Law. The City Council acts as the governing board of the Authority and is responsible for the Authority's fiscal and administrative activities. The funds of the Authority have been included in the governmental activities in the financial statements.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation**

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

*Government-Wide Financial Statements* – The statement of net assets and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's *business-type activities* and for each function of the City's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and, therefore, are included in the program expense reported for individual function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Program revenues include, 1) fines, fees, and charges paid by the recipients of goods and services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Certain eliminations have been made as prescribed by GASB No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: Due to/Due from Other Funds, Interfund Note Receivable/Interfund Long-term Debt, and Transfers In/Transfers Out.

*Fund Financial Statements* – The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

The City reports the following major governmental funds:

- The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The **Corcoran Redevelopment Agency Debt Service Fund** is used to account for repayment of bonds and loans issued by the Corcoran Redevelopment Agency. As further described in Note 15, the Agency was dissolved effective February 1, 2012.
- The **Transportation and Street Special Revenue Fund** is to account for sales tax restricted to transportation uses, revenues apportioned under the Streets and Highway Code, Sections 2105, 2106, 2107 and 2107.5 of the State of California, State funds apportioned under the Surface Transportation Program, State grant funds apportioned under the Traffic Congestion Relief Program, and federal funds apportioned under the Federal Aid Urban Grant. The City uses these funds for Dial-A-Ride/Amtrak Ticket transportation programs and for expenditures related to street construction and maintenance.
- The **HOME Program Special Revenue Fund** is used to account for the federal grants that provide financing for low-income household for the acquisition, rehabilitation, or new construction of single family homes.
- The **Community Redevelopment Agency Capital Projects Fund** is used to account for the acquisition, relocation, demolition and sale of land in the redevelopment area of the City. Projects are financed from the proceeds of bonds sold and loans from other City funds and eventually from property tax increment revenue. As further described in Note 15, the Agency was dissolved effective February 1, 2012.

Enterprise fund financial statements include a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows for each major enterprise fund and non-major fund.

The City has five major enterprise funds, the Water, Sewer, Refuse, Transit, and Storm Drain, which are used to account for operations that are financed and operated in a manner similar to private business enterprise. In an enterprise fund, the intent of the City Council is that costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

- The **Water Fund** accounts for financial activity of the water utility system.
- The **Sewer Fund** is used to account for the financial activity of the sewage collection and wastewater treatment utility system.
- The **Refuse Fund** is used to account for the financial activity of the solid waste collection and disposal utility system.
- The **Transit Fund** is used to account for the financial activity of the transit activities including Dial-A-Ride, Amtrak ticket sales, and related street construction and maintenance.
- The **Storm Drain Fund** is used to account for the financial activity of the storm drain system.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

The City's fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fund's activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The City uses an agency fund to account for assets held for, due to, and other. This fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net assets and does not present a statement of changes in fiduciary net assets. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

The City reports the following fiduciary funds:

- The **Assets Seizure (Unprocessed) Agency Fund** accounts for money that is seized as part of a police action and this money is used to help purchase fixed assets for the police department. Expenditures are limited to police-related activities.
- The **Kings County CDBG Agency Fund** accounts for Kings County Community Development Block Grants Program collections on notes receivable and remittance to Kings County.
- The **Corcoran Police Explorers Agency Fund** accounts for the moneys raised by the Police Explorers and the use of those funds.
- The **Successor Agency of the Redevelopment Agency Trust Fund** is used to account for assets and liabilities of the former redevelopment agency until they are distributed to other units of state and local government as a result of the dissolution of the redevelopment agency.

**Measurement Focus, Basis of Accounting**

*Government-Wide, Proprietary and Fiduciary Fund Financial Statements* – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements* – Governmental funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting (Continued)**

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect), as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. *Operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating revenues*, such as interest income, state and federal grants, and subsidies, result from nonexchange transactions or ancillary activities. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

**Assets, Liabilities and Equity**

**Cash and Cash Equivalents**

For the statement of cash flows, the City considers all highly liquid investments with maturities of three months or less when acquired as cash and cash equivalents.

All cash and cash equivalents of the enterprise funds are pooled with the City's pooled cash and cash equivalents.

**Restricted Assets**

Certain proceeds of general obligation debt and enterprise debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. "Cash with Fiscal Agent" is used to report resources set aside for potential deficiencies in the repayment ability of the debt service fund and enterprise funds, and for payment of construction projects undertaken by the City.

**Interfund Transactions**

Interfund transactions are reflected as loans, services provided or used, or reimbursements or transfers. Loans reported as receivables and payables as, appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the fund financial statements, and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Equity (Continued)**

**Receivables**

Enterprise fund receivables are shown net of an allowance for uncollectible accounts. All customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

**Property Tax Calendar**

Property taxes are assessed, collected and allocated by Kings County throughout the fiscal year according to the following property tax calendar.

Lien Date	January 1
Levy Date	July 1 to June 30
Due Dates	November 1, 1 <sup>st</sup> installment, February 1, 2 <sup>nd</sup> installment
Delinquent Dates	December 10, 1 <sup>st</sup> installment, April 10, 2 <sup>nd</sup> installment

Revenues from taxpayer-assessed taxes (sales and use, business license, transient occupancy, utility users, gas, and franchise fees) are accrued in the governmental funds when they are both measurable and available. The City considers these revenues available if they are received during the period when settlement of prior fiscal year accounts payable occurs. Historically, the majority of these taxes are received within 60 days of the fiscal year-end.

Grant and entitlement revenues are recorded as receivables in the funds when all eligibility requirements have been met. The corresponding governmental fund revenues are recorded when they become available, with the differences recorded as deferred revenue. Enterprise fund revenues are recorded as non-operating revenues when the receivables are recorded. Some grant and entitlement revenues are not susceptible to accrual, in which case the corresponding revenues are recorded when received.

The City accrues as receivable all property taxes received during the first (60) days of the new fiscal year.

**Discount on Bonds**

The City's bond or debt discounts are recorded as expenditures in the year they are incurred for governmental fund debt and are amortized over the life of the bond for debt service fund.

**Bond Issuance Costs**

The City's bond or debt issuance costs are recorded as assets in the year they are incurred for governmental fund debt and are amortized over the life of the bond for debt service fund.

**Capital Assets**

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$2,000. Gifts or contributions of capital assets are recorded at fair value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and improvements	25-40 years
Infrastructures	5-20 years
Equipment	3-10 years
Vehicles	5-10 years
Utility system	30 years

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Equity (Continued)**

**Capital Assets (Continued)**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructure acquired since the beginning of the 2003 fiscal year. The City made a decision not to capitalize infrastructure in place prior to the adoption of GASB 34.

The City defines infrastructure as capital assets that are stationary and have expected useful lives significantly in excess of most capital assets. The assets include the street system, water purification and distribution system, sewer collection and treatment system, park and recreation improvement, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business.

**Risk Management**

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

**Property Held for Resale**

Property held for resale consists of parcels of land and improvements. The parcels are recorded at cost.

**Interest Payable**

In the government-wide financial statements, interest payable of long-term debt is recognized as the liability is incurred for the governmental fund types and proprietary fund types.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

**Compensated Absences Payable**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The City limits accumulated vacation to 30 working days for employees and 45 working days for management. All outstanding vacation pay is payable upon termination of employment.

**Deferred Revenue**

Deferred revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records deferred revenue related to uncollected outstanding, performing loans and intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Equity (Continued)**

**Long-Term Debt**

In the government-wide and proprietary fund-type 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. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**Encumbrances**

The City does not use encumbrance accounting.

**Budgetary and Budgetary Accounting**

Budgets are adopted annually for the general funds, special revenue funds, capital funds, debt service funds, and enterprise funds. Formal budgetary integration is employed as a management control device during the year for these funds. The annual budgets are prepared on the basis of accounting utilized by the fund.

Expenditures may not legally exceed budgeted appropriations at the fund level. The City Manager is authorized to make budget transfers between accounts within any fund. All revisions must be reported to the City Council.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Equity (Continued)**

**Classification of Net Assets**

In the government-wide financial statements, net assets are classified in the following categories:

***Invested in capital assets, net of related debt*** – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

***Restricted net assets*** – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed on the categories of capital projects, and specific projects and programs as established by the City Council.

***Unrestricted net assets*** – This category represents the net assets of the City, which are not restricted for any project or other purpose.

When both restricted and unrestricted net assets are available, restricted resources are depleted first before the unrestricted resources are used.

**Fund Balance**

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Finance Director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Equity (Continued)**

**Fund Balance (Continued)**

- Unassigned: This classification includes any negative residual amounts that may exist as a result of expenditures incurred for specific purposes in excess of amounts restricted, committed or assigned to those purposes.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**New Pronouncements**

***Governmental Accounting Standards Board Statement No. 65***

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement 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. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2014.

***Governmental Accounting Standards Board Statement No. 66***

In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2014. Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Application of this Statement is effective for the City's fiscal year ending June 30, 2013.

***Governmental Accounting Standards Board Statement No. 67***

In June 2012, GASB issued No. 67, *Financial Reporting for Pension Plans*—an amendment of GASB Statement No. 25. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2014.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Pronouncements (Continued)**

***Governmental Accounting Standards Board Statement No. 68***

In June 2012, GASB issued No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The requirements of this Statement are effective for the City’s fiscal year ending June 30, 2015.

**NOTE 2 – CASH AND INVESTMENTS**

The City follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the month-end cash and investment balances.

**Summary of Deposits and Investments**

A reconciliation of the City’s deposit and investment balances as of June 30, 2012, is as follows:

Cash on hand	\$ 1,350
Deposits with financial institutions	1,466,942
Investments	<u>13,517,605</u>
Total cash and investments	<u>\$ 14,985,897</u>
Government-Wide:	
Statement of Net Assets:	
Cash and investments	\$ 12,171,852
Cash with fiscal agent	2,425,163
Fiduciary Funds:	
Statement of Net Assets:	
Cash and investments	<u>388,882</u>
Total cash and investments	<u>\$ 14,985,897</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**Investments Authorized by the California Government Code and the City’s Investment Policy**

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provision of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

Securities of the U.S. Government, or its agencies	Local agency investment fund deposits (state pool)
Certificates of deposit (or time deposits) placed with commercial banks and/or savings & loan companies	Passbook savings account demand deposits
Negotiable certificates of deposit	Small business administration loans
Bankers' acceptances	Repurchase agreements
Commercial paper	Reverse repurchase agreements

**Investments Authorized by the Debt Agreements**

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City’s investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risks, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in On Issuer</u>
U.S. Treasury Bonds/Bills	None	None	None
U.S. Government Agency Bonds	None	None	None
Negotiable Certificates of Deposit	365 days	None	None
Time Certificates of Deposit	365 days	None	None
Banker's Acceptances	365 days	None	None
Commercial Paper	365 days	None	None
Money Market Fund	None	None	None

All City investment activities were within State statutes and the City’s investment policy.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by maintaining funds in liquid, short-term investments which can be converted to cash when necessary to meet disbursement requirements.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**Interest Rate Risk (Continued)**

Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
State investment pool	\$ 10,645,320	\$ 10,645,320	\$ -	\$ -	\$ -
RMA investment pool	129,471	129,471	-	-	-
Held by bond trustee:					
Corporate issues	1,925,437	222,000	240,000	1,463,437	-
Money market funds	<u>817,377</u>	<u>817,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$ 13,517,605</b>	<b>\$ 11,814,168</b>	<b>\$ 240,000</b>	<b>\$ 1,463,437</b>	<b>\$ -</b>

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type. The column marked “exempt from disclosure” identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

Investment Type	Total	Exempt from Disclosure	Rating as of Year-End		
			AAA	Aaa-mf	Not Rated
State investment pool	\$ 10,645,320	\$ -	\$ -	\$ -	\$ 10,645,320
RMA investment pool	129,471	-	-	-	129,471
Held by bond trustee:					
Corporate issues	1,925,438	1,272,000	653,438	-	-
Money market funds	<u>817,376</u>	<u>-</u>	<u>-</u>	<u>817,376</u>	<u>-</u>
<b>Total</b>	<b>\$ 13,517,605</b>	<b>\$ 1,272,000</b>	<b>\$ 653,438</b>	<b>\$ 817,376</b>	<b>\$ 10,774,791</b>

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City’s investments.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a City will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterpart (e.g. broker-dealer) to a transaction, a City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under the state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires the following disclosure be made with respect to custodial credit risk relating to deposits and investments.

As of June 30, 2012, the carrying amount of the City's bank deposits was \$1,466,942, and the respective bank balances totaled \$1,753,606. All bank balances were insured through the Federal Depository Insurance Company (FDIC). Of the total bank balance, \$233,375 was insured through the Federal Depository Insurance Company (FDIC). The remaining \$1,520,231 was collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not that of the City.

**Local Agency Investment Fund**

The City participates in an external investment pool, as defined by the Government Accounting Standards Board (GASB) Statement No. 31, by way of its funds on deposit in the Local Agency Investment Fund (LAIF) managed by the State of California Treasurer and is not registered with the Securities and Exchange Commission. These funds are pooled with those of other agencies in the State and invested in accordance with State guidelines. The value of the City's shares in the LAIF that may be withdrawn is determined on an amortized costs basis, which may be different from the fair value of the City's position in the pool. The City's portion of the June 30, 2012, balance was \$10,645,320. A breakdown of the investments included in the balance is not available at the balance sheet date.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 3 – RECEIVABLES**

Receivables as of June 30, 2012, consist of the following for the governmental funds:

	General Fund	Corcoran Redevelopment Agency Debt Service Fund	Transportation and Street Special Revenue Fund	Home Program Special Revenue Fund	Community Redevelopment Agency Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Receivables:							
Taxes	\$ 27,520	\$ -	\$ 232,006	\$ -	\$ -	\$ 490	\$ 260,016
Grants	-	-	-	70,823	-	-	70,823
Interest	1,723	-	593	493,169	-	146,667	642,152
Other	219,484	-	95,659	-	-	16,376	331,519
Notes	-	-	-	1,938,467	-	1,269,620	3,208,087
Receivables, net	<u>\$ 248,727</u>	<u>\$ -</u>	<u>\$ 328,258</u>	<u>\$ 2,502,459</u>	<u>\$ -</u>	<u>\$ 1,433,153</u>	<u>\$ 4,512,597</u>

Receivables as of June 30, 2012, consist of the following for the enterprise funds:

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Receivables:						
Accounts	\$ 740,418	\$ 221,406	\$ 324,564	\$ 446	\$ 67,222	\$ 1,354,056
Interest	3,884	596	107	1,132	116	5,835
Taxes	-	-	-	251,816	-	251,816
Other	32	-	9,814	-	-	9,846
Allowance for uncollectible	<u>(57,404)</u>	<u>(19,883)</u>	<u>(29,756)</u>	<u>-</u>	<u>(5,987)</u>	<u>(113,030)</u>
Receivables, net	<u>\$ 686,930</u>	<u>\$ 202,119</u>	<u>\$ 304,729</u>	<u>\$ 253,394</u>	<u>\$ 61,351</u>	<u>\$ 1,508,523</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 4 – INTERFUND TRANSACTIONS**

**Due To and Due From Other Funds**

Due to/from balances have primarily been recorded when funds overdraw their share of pooled cash. Activities within fund types have been eliminated within the government-wide financial statements.

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year.

	Due	
	From	To
<b>Governmental Funds</b>		
Major Funds:		
General Fund	\$ 91,890	\$ -
HOME program Special Revenue Fund	-	37,255
Nonmajor Funds:	37,255	
Housing Authority Special Revenue Fund		
Corcoran Joint Powers Authority Debt Service Fund	-	3,577
<b>Enterprise Funds</b>		
Major Funds:		
Water Fund	-	54,989
Sewer Fund	23,233	-
Refuse Fund	27,495	-
Storm Drain Fund	4,262	-
<b>Fiduciary funds</b>	-	88,314
Total	\$ 184,135	\$ 184,135

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 4 – INTERFUND TRANSACTIONS**

**Long-Term Interfund Advances**

At June 30, 2012, the funds below have made advances that were not expected to be repaid in one year or less.

	<u>Receivable Funds</u>	<u>Payable Funds</u>
<b>Enterprise Funds</b>		
Major Funds:		
Water Fund	373,900	-
Storm Drain Fund	<u>-</u>	<u>373,900</u>
 Total	 <u>\$ 373,900</u>	 <u>\$ 373,900</u>

**Transfers In and Transfers Out**

With the City Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund. Transfers within fund types have been eliminated with the government-wide financial statements.

Transfers in and transfers out consisted of the following as of June 30, 2012:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
<b>Governmental Funds</b>		
Major Funds:		
General Fund	\$ 2,124,300	\$ 100,000
Transportation and Street Special Revenue Fund	390,000	390,000
Nonmajor Funds:		
Economic Development Loan Programs Special Revenue Fund	-	15,000
Public Safety Special Revenue Fund	-	15,000
Community Development Block Grant Special Revenue Fund	55,700	50,000
Housing Authority Special Revenue Fund	225,952	-
Corcoran Redevelopment Agency Special Revenue Fund	-	225,952
<b>Enterprise Funds</b>		
Major Funds:		
Water Fund	-	2,000,000
Sewer fund	<u>204,622</u>	<u>204,622</u>
 Total	 <u>\$ 3,000,574</u>	 <u>\$ 3,000,574</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 5 – NOTES RECEIVABLE / DEFERRED REVENUE**

Notes receivable consisted of the following as of June 30, 2012:

	Major Fund	Nonmajor Funds			Total
	HOME Program Special Revenue Funds	Economic Development Research Loan Program Special Revenue Fund	Community Development Block Grant Special Revenue Fund	Housing Authority Special Revenue Fund	
Loans receivable under the Business Revolving Loan Program.	\$ -	\$ 96,129	\$ -	\$ -	\$ 96,129
Loans receivable under the Community Development Block Grant Program, secured by deeds of trust on the rehabilitated properties.	-	-	1,064,536	108,955	1,173,491
Loans receivable under the HOME Grant Program, secured by deeds of trust on the rehabilitated properties.	<u>1,938,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,938,467</u>
Total notes receivable	<u>\$ 1,938,467</u>	<u>\$ 96,129</u>	<u>\$ 1,064,536</u>	<u>\$ 108,955</u>	<u>\$ 3,208,087</u>

Program disbursements are recorded as expenditures in the year the loans are made to participants even though the amounts will be recovered as the loans are repaid. The City maintains detailed records of these loans and records loan principal and interest payments as program revenues in the year such payments are received. Loans recorded as receivable are “performing” loans with monthly/annual activity.

The deferred payment loan receivables under the Community Development Block Grant Programs, HOME Program, the State Deferred Loan Program, and Community Redevelopment Housing Set-Aside Funds are not required to be paid back until the participating homeowner sells, transfers title to the rehabilitated property, or discontinues residence in the dwelling, at which time the full amount of the deferred loan is due. Deferred payment loans are “non-performing” loans; however, they are recorded as receivable and deferred revenue in the Government-Wide Statement of Net Assets. Such loans totaled \$9,652,132 as of June 30, 2012.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 6 – CAPITAL ASSETS**

Capital assets activity of the governmental activities for the year ended June 30, 2012, is as follows:

	<u>Balance July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 609,528	\$ -	\$ (107,501)	\$ 502,027
Construction in progress	1,054,953	37,798	(417,456)	675,295
Infrastructure in progress	<u>426,572</u>	<u>575,347</u>	<u>(986,213)</u>	<u>15,706</u>
Total capital assets not being depreciated	<u>2,091,053</u>	<u>613,145</u>	<u>(1,511,170)</u>	<u>1,193,028</u>
Capital assets being depreciated:				
Buildings and other improvements	9,467,167	441,159	(3,352,184)	6,556,142
Machinery and equipment	1,816,558	285,589	(17,198)	2,084,949
Infrastructure	6,909,258	986,213	(1,666,725)	6,228,746
Vehicles	<u>1,095,212</u>	<u>-</u>	<u>-</u>	<u>1,095,212</u>
Total capital assets being depreciated	<u>19,288,195</u>	<u>1,712,961</u>	<u>(5,036,107)</u>	<u>15,965,049</u>
Less accumulated depreciation for:				
Buildings and other improvements	(3,176,314)	(254,144)	1,148,668	(2,281,790)
Machinery and equipment	(1,525,995)	(111,289)	17,195	(1,620,089)
Infrastructure	(800,792)	(156,340)	297,738	(659,394)
Vehicles	<u>(863,457)</u>	<u>(50,817)</u>	<u>-</u>	<u>(914,274)</u>
Total accumulated depreciation	<u>(6,366,558)</u>	<u>(572,590)</u>	<u>1,463,601</u>	<u>(5,475,547)</u>
Total capital assets being depreciated, net	<u>12,921,637</u>	<u>1,140,371</u>	<u>(3,572,506)</u>	<u>10,489,502</u>
Governmental activities capital assets, net	<u>\$ 15,012,690</u>	<u>\$ 1,753,516</u>	<u>\$ (5,083,676)</u>	<u>\$ 11,682,530</u>

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 6 – CAPITAL ASSETS (Continued)**

For the year ended June 30, 2012, depreciation expense on capital assets was charged to the governmental functions as follows:

General government	\$ 130,211
Community development	73,920
Public safety	82,237
Public works	184,072
Parks and recreation	<u>102,150</u>
Total	<u>\$ 572,590</u>

Capital assets activity of the business-type activities for the year ended June 30, 2012, is as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 985,983	\$ -	\$ -	\$ 985,983
Construction in progress	<u>-</u>	<u>107,975</u>	<u>-</u>	<u>107,975</u>
Total capital assets not being depreciated	<u>985,983</u>	<u>107,975</u>	<u>-</u>	<u>1,093,958</u>
Capital assets being depreciated:				
Utility system	44,496,542	654,133	(14,666)	45,136,009
Machinery and equipment	1,392,524	107,750	(16,382)	1,483,892
Vehicles	<u>1,546,338</u>	<u>-</u>	<u>(20,579)</u>	<u>1,525,759</u>
Total capital assets being depreciated	<u>47,435,404</u>	<u>761,883</u>	<u>(51,627)</u>	<u>48,145,660</u>
Less accumulated depreciation for:				
Utility system	(16,290,841)	(1,363,350)	-	(17,654,191)
Machinery and equipment	(737,535)	(105,508)	16,382	(826,661)
Vehicles	<u>(1,299,350)</u>	<u>(61,049)</u>	<u>20,579</u>	<u>(1,339,820)</u>
Total accumulated depreciation	<u>(18,327,726)</u>	<u>(1,529,907)</u>	<u>36,961</u>	<u>(19,820,672)</u>
Total capital assets being depreciated, net	<u>29,107,678</u>	<u>(768,024)</u>	<u>(14,666)</u>	<u>28,324,988</u>
Business-type activities capital assets, net	<u>30,093,661</u>	<u>(660,049)</u>	<u>(14,666)</u>	<u>29,418,946</u>

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

<b>Business-Type Activities:</b>	
Water	\$ 1,016,102
Sewer	339,624
Storm Drain	94,347
Refuse	2,847
Transit	<u>76,987</u>
Total	<u>\$ 1,529,907</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7 – COMPENSATED ABSENCES**

The City’s policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of this debt, amounting to \$173,454 for governmental activities and \$4,884 for business-type activities at June 30, 2012, is expected to be paid in future years from future resources.

Because of the nature of compensated absences and uncertainty over when vacations will be taken, a statement of debt service requirements to maturity of compensated absences has not been presented. At June 30, 2012, the balance is \$366,860 for governmental activities and \$29,433 for the business-type activities.

	Balance July 1, 2011	Incurred	Satisfied	Balance June 30, 2012	Amounts Due Within One Year	Amounts Due in More Than One Year
<b>Governmental Activities:</b>						
Compensated absences	\$ 385,924	\$ 176,578	\$ (195,642)	\$ 366,860	\$ 193,406	\$ 173,454
<b>Business-Type Activities:</b>						
Compensated absences	\$ 31,518	\$ 46,494	\$ (48,580)	\$ 29,432	\$ 18,537	\$ 10,895

**NOTE 8 – LONG-TERM DEBT**

The following is a summary of long-term obligation transactions for governmental activities for the year ended June 30, 2012:

	Balance July 1, 2011	Incurred or Issued	Satisfied or Matured	Balance June 30, 2012	Amounts Due Within One Year	Amounts Due in More Than One Year
<b>Governmental Activities:</b>						
2004 Tax Allocation Bonds	\$ 3,970,000	\$ -	\$ (3,970,000)	\$ -	\$ -	\$ - (A)
Certificates of participation	345,000	-	(45,000)	300,000	50,000	250,000
Total governmental activities	\$ 4,315,000	\$ -	\$ (4,015,000)	\$ 300,000	\$ 50,000	\$ 250,000

(A) The retirement of \$3,970,000 in the 2004 Tax Allocation bonds payable resulted from the dissolution of the Corcoran Redevelopment Agency on January 31, 2012.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 8 – LONG-TERM DEBT (Continued)**

***Certificates of Participation***

The Certificates of Participation were issued on April 15, 1993, by Corcoran Joint Powers Finance Authority (CJPFA) at an interest rate of 8.75% to finance the acquisition of land and construction of a storm drainage system. The Certificates of Participation mature on June 1, 2016. The Certificates of Participation are secured by annual base rental lease payments payable by the City for use of the storm drainage system. The CJPFA was required under the terms of the trust agreement to deposit \$76,000 into a reserve fund.

Fiscal Years Ending	1992 Certificates of Participation		
	Principal	Interest	Total
2013	\$ 50,000	\$ 25,156	\$ 75,156
2014	50,000	20,781	70,781
2015	60,000	16,187	76,187
2016	<u>140,000</u>	<u>10,937</u>	<u>150,937</u>
Totals	<u>\$ 300,000</u>	<u>\$ 73,061</u>	<u>\$ 373,061</u>

The following is a summary of long-term obligation transactions for business-type activities for the year ended June 30, 2012:

	Balance July 1, 2011	Incurred or Issued	Satisfied or Matured	Balance June 30, 2012	Amounts Due Within One Year	Amounts Due in More Than One Year
<b>Business-Type Activities:</b>						
Davis-Grunsky Loan (Water Fund)	\$ 505,250	\$ -	\$ (58,226)	\$ 447,024	\$ 59,725	\$ 387,299
2003 Certificates of Participation	5,140,000	-	(120,000)	5,020,000	125,000	4,895,000
2003 Certificates of Participation - Unamortized Bond Discounts	(67,146)	-	3,052	(64,094)	-	(64,094)
2008 Certificates of Participation	19,490,000	-	(425,000)	19,065,000	445,000	18,620,000
2008 Certificates of Participation - Deferred Refunding	(1,076,580)	-	44,858	(1,031,722)	-	(1,031,722)
2008 Bond Discount	(146,510)	-	6,104	(140,406)	-	(140,406)
State Water Quality Control Fund Loans (Sewer Fund)	<u>138,640</u>	<u>-</u>	<u>(31,352)</u>	<u>107,288</u>	<u>32,480</u>	<u>74,808</u>
Total business-type activities	<u>\$ 23,983,654</u>	<u>\$ -</u>	<u>\$ (580,564)</u>	<u>\$ 23,403,090</u>	<u>\$ 662,205</u>	<u>\$ 22,740,885</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 8 – LONG-TERM DEBT (Continued)**

***Notes Payable***

Davis-Grunsky Loan (Water Fund)

The Davis-Grunsky Contract D-GLC43 payable to the State of California, Department of Water Resources was for improvements made in fiscal year 1976 to the City's water system. The loan is to be repaid in annual payments of approximately \$70,000, including interest at 2.5% through fiscal year 2019. Under terms of the loan, the City was required to establish a reserve of \$69,706 in the City's Water Fund.

<u>Fiscal Years Ending</u>	<u>Davis-Grunsky Loan (Water Fund)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 59,725	\$ 9,673	\$ 69,398
2014	61,111	8,278	69,389
2015	62,497	6,847	69,344
2016	63,883	5,382	69,265
2017	65,269	3,883	69,152
2018	66,655	2,348	69,003
2019	<u>67,884</u>	<u>786</u>	<u>68,670</u>
Totals	<u>\$ 447,024</u>	<u>\$ 37,197</u>	<u>\$ 484,221</u>

State Water Quality Control Fund Loans (Sewer Fund)

The State Water Quality Control Fund has two loans with the City of \$568,192 and \$200,000. The larger loan is payable in annual installments of \$36,342 including interest at 3.6%. The final payment of \$6,343 is due July 2016. The smaller loan is payable in annual installments of \$14,200, including interest at 3.6%. The final payment is due February 2016.

<u>Fiscal Year Ending</u>	<u>State Water Quality Control Fund Loans (Sewer Fund)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 32,480	\$ 3,862	\$ 36,342
2014	33,649	2,693	36,342
2015	34,860	1,482	36,342
2016	<u>6,299</u>	<u>43</u>	<u>6,342</u>
Totals	<u>\$ 107,288</u>	<u>\$ 8,080</u>	<u>\$ 115,368</u>

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 8 – LONG-TERM DEBT (Continued)**

2003 Certificates of Participation (Water Fund)

The 2003 Certificates of Participation were issued on July 1, 2003, in the amount of \$5,915,000. These Certificates paid off the existing Farmers Home Administration Loan and also provided for the construction and acquisition of capital improvements to the City's municipal water system. Certificates authorized and issued have interest rates ranging from 2.00% to 4.25% and mature July 1, 2035.

Fiscal Years Ending	2003 Certificates of Participation		
	Principal	Interest	Total
2013	\$ 125,000	\$ 207,033	\$ 332,033
2014	130,000	202,570	332,570
2015	140,000	197,845	337,845
2016	140,000	192,595	332,595
2017	145,000	186,895	331,895
2018-2022	830,000	835,358	1,665,358
2023-2027	1,025,000	640,171	1,665,171
2028-2032	1,265,000	397,693	1,662,693
2033-2036	<u>1,220,000</u>	<u>106,675</u>	<u>1,326,675</u>
Totals	<u>\$ 5,020,000</u>	<u>\$ 2,966,835</u>	<u>\$ 7,986,835</u>

2008 Certificates of Participation (Water Fund)

The 2008 Certificates of Participation were issued on March 27, 2008, in the amount of \$19,900,000. These certificates provided for the refunding of the 2005 Certificates of Participation (Water System Project). Certificates authorized and issued have a variable rate of interest reset each Wednesday and mature July 1, 2036.

Fiscal Years Ending	2008 Certificates of Participation		
	Principal	Interest	Total
2013	\$ 445,000	\$ 699,523	\$ 1,144,523
2014	460,000	698,972	1,158,972
2015	480,000	698,237	1,178,237
2016	500,000	697,502	1,197,502
2017	525,000	696,584	1,221,584
2018-2022	2,970,000	3,470,250	6,440,250
2023-2027	3,655,000	3,445,090	7,100,090
2028-2032	4,495,000	3,414,237	7,909,237
2033-2037	<u>5,535,000</u>	<u>3,376,038</u>	<u>8,911,038</u>
Totals	<u>\$ 19,065,000</u>	<u>\$ 17,196,433</u>	<u>\$ 36,261,433</u>

Note: Assumes 3.72% interest rate and does not include Letter of Credit or remarketing fees.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 8 – LONG-TERM DEBT (Continued)**

2008 Certificates of Participation (Water Fund) (Continued)

*Objective of the interest rate swap.* As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in October 2005, the City entered into an interest rate swap in connection with the issuance of the \$21.9 million 2005 Certificates of Participation. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 3.655 percent (exclusive of remarketing fees). The swap agreement was continued as part of the 2008 refunding COPs.

*Terms.* Under the swap, the City pays the counterparty, Piper Jaffray Financial Products Inc. ("the Counterparty") a fixed payment based upon a negotiated rate of 3.673% and receives a variable payment computed as 63% of the London Interbank Offered Rate (LIBOR) plus 30 basis points (.30%). The amount that the City receives under the swap agreement is structured to equal the amount that it pays on its Certificates, thus cancelling each other out and leaving the fixed rate portion amount to be paid under the swap as the net overall payment. The City also pays a letter of credit and remarketing fees on the variable rate bonds (totaling .50% annually). The swap has a notional amount of \$19.9 million and the associated variable-rate bond has a \$19.9 million principal amount. Starting in 2008, the notional value of the swap and the principal amount of the associated debt decline until the debt is completely retired in 2036. The bonds and the related swap agreement will mature on July 1, 2036.

*Fair Value.* The Counterparty informed the City that as of June 30, 2012, the swap had a fair value of (\$4,861,396). The Counterparty states that the valuation is based on a proprietary model.

*Credit Risk.* As of June 30, 2012, the City was not exposed to credit risk because the swap had a net negative fair value. This negative amount may increase if interest rates decrease in the future. However, if interest rates increase and the fair value of the swap become positive, the City will be exposed to credit risk, to a maximum possible loss equivalent to the swap's fair value. The swap Counterparty was rated AA by Standard & Poor's on October 1, 2005. To mitigate the potential for credit risk, if the Counterparty's credit quality falls below the AA rating, the fair value of the swap will be fully collateralized by the Counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

*Basis Risk.* Basis risk is the risk that the interest rate paid by the City on the underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the Counterparty. The City bears basis risk on its swap. The swap has basis risk since the City receives a percentage of LIBOR to offset the actual variable bond rate the City pays on its bonds. The City is exposed to basis risk should the floating rate that it receives on the swap be less than the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected costs of the basis risk may vary.

*Termination Risk.* The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated by the City if the Counterparty's credit quality rating falls below "A-" as issued by Fitch Ratings or Standard & Poor's or "A3" as issued by Moody's Investors Service. The City and the Counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, the City, if it was the defaulting party under the terms of the swap, would be liable to the Counterparty for a payment equal to the swap's fair value.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN**

Plan Description

The City's defined benefit pension plans, the Miscellaneous Plan and the Safety Plan, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous and Safety Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in the Safety and Miscellaneous Plans are required to contribute 9 percent and 7 percent of their annual covered salary, respectively. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011-2012 was 32.126% and 9.992% for public safety and miscellaneous employees, respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. Therefore, a rate of zero is charged for the first \$133.33 per month.

Annual Pension Cost and Net Pension Obligation

For the fiscal year 2011/2012, the City's combined annual pension cost of \$820,671 was equal to the annual requirement contribution. The current year's required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 13.15% for members of both plans; and (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the Miscellaneous and Safety Plans' assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five-year period depending on the size of investment gains and/or losses. The Miscellaneous and Safety Plans' unfunded actuarial liabilities are being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period of June 30, 2012, was 14 years.

The City's annual pension costs (APC) and net pension obligation as of and for the year ended June 30, 2012, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Costs (APC)</u>	<u>Percent of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Miscellaneous Plan</u>			
6/30/2010	\$ 222,414	100%	\$ -
6/30/2011	\$ 217,257	100%	\$ -
6/30/2012	\$ 330,301	100%	\$ -
<u>Safety Plan</u>			
6/30/2010	\$ 378,706	100%	\$ -
6/30/2011	\$ 330,201	100%	\$ -
6/30/2012	\$ 490,370	100%	\$ -

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)**

Funded Status and Progress

The funded status of each plan as of the most recent actuarial valuation date presented below related to the plan as a whole, of which the City is one participating employer.

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as of % of Covered Payroll
6/30/2011						
Miscellaneous	\$ 3,619,835,876	\$ 3,203,214,899	\$ 416,620,977	88.5%	\$ 759,263,518	54.9%
Safety	\$ 2,061,923,933	\$ 1,759,286,797	\$ 302,637,136	85.3%	\$ 225,892,222	126.7%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 10 – RISK MANAGEMENT**

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$250,000 of each worker's compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$50,000 and worker's compensation losses under \$100,000. The CSJVRMA participates in an excess pool which provides worker's compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit.

The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et. seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

At the termination of the joint venture agreement and after all claims have been settled, any excess or deficit will be divided among the cities in proportion to the aggregate amount of contribution made by each.

The following is a summary of financial information of the CSJVRMA as of and for the fiscal year ended June 30, 2012:

Total assets	\$ 70,671,479
Total liabilities	<u>58,388,460</u>
Member's equity	<u>\$ 12,283,019</u>
Total revenues	\$ 30,698,619
Total expenses	<u>31,914,578</u>
Excess of expenses (loss) over income	<u>\$ (1,215,959)</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**General Liability**

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

**Federal Awards and Grants**

The City participates in grant programs which are governed by various rules and regulation of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any moneys received may be required and collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to the compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**NOTE 12 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Excess of Expenditures Over Appropriations**

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2012:

General Fund:	
Current:	
General government	\$34,552
Community development	\$183
Parks and recreation	\$141
Capital outlay:	
General government	\$52,702
Public works	\$17,158
Other financing sources (uses):	
Transfer out	\$100,000
Transportation and Street Special Revenue Fund:	
Capital outlay:	
Public works	\$197,439
Other financing sources (uses):	
Transfer out	\$390,000

The excess expenditures were covered by available fund balance in the funds.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 13 – SEGMENT INFORMATION**

Segment information for the Water Fund for the year ended June 30, 2012, is as follows:

	<u>Water Fund</u>
<b>CONDENSED STATEMENT OF NET ASSETS</b>	
Assets:	
Current assets	\$ 8,402,947
Noncurrent assets	<u>28,674,435</u>
Total assets	<u>37,077,382</u>
Liabilities:	
Current liabilities	1,181,065
Noncurrent liabilities	<u>27,533,340</u>
Total liabilities	<u>28,714,405</u>
Net Assets:	
Invested in capital assets, net of related debt	143,337
Restricted	2,418,362
Unrestricted	<u>5,801,278</u>
Total net assets	<u>\$ 8,362,977</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS</b>	
Operating revenues	\$ 4,399,891
Depreciation expenses	(1,076,462)
Other operating expenses	<u>(2,102,157)</u>
Operating income (loss)	<u>1,221,272</u>
Nonoperating revenue (expenses):	
Other nonoperating revenue	62,234
Investment income	34,314
Interest expense	(864,873)
Transfers in (out)	<u>(2,000,000)</u>
Changes in net assets	(1,547,053)
Beginning net assets	9,809,463
Prior period adjustments	100,567
Ending net assets	<u>\$ 8,362,977</u>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>	
Net cash provided (used) by:	
Operating activities	\$ 2,440,594
Noncapital financing activities	(1,950,790)
Capital and related financing activities	(170,317)
Investing activities	<u>36,245</u>
Net increase (decrease) in cash and cash equivalents	355,732
Beginning cash and cash equivalents	<u>7,209,556</u>
Ending cash and cash equivalents	<u>\$ 7,565,288</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 14 – PRIOR PERIOD ADJUSTMENTS**

During the current year the following prior period adjustments were recorded:

Governmental Activities

The beginning net assets in governmental activities were understated by \$29,497 due to the understatement of capital assets of \$33,579, overstatement of land of \$82,100, and understatement of land held for resale of \$78,000 in fiscal year 2011. To correct these errors, beginning net assets in the Governmental Activities were increased by \$29,947.

Governmental Funds

The beginning fund balance in the General Fund was understated by \$78,000 due to a land held for resale understatement in fiscal year 2011. To correct this error, the beginning fund balance was increased by \$78,000.

Enterprise Funds

The beginning net assets in the Water Enterprise Fund were understated by \$100,567 due to overstatement of interest payable of \$115,567 and understatement of certificate of participation payable of \$15,000 in fiscal year 2011. To correct this error, beginning net assets were increased by \$100,567.

The beginning net assets in the Sewer Enterprise Fund were understated by \$194,977 due to unrecorded fixed assets of \$194,977 in fiscal year 2011. To correct this error, beginning net assets were increased by \$194,977.

**NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (“the Bill”) that dissolved all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Corcoran that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 30, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution Number 2602.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments.)

In future years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to renew the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure of encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**  
(Continued)

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable uncertainty regarding this issue. It is reasonable possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorable to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary gain (loss) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements and the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary gain recognized in the fund financial statements and the extraordinary gain that was recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary gain reported in the governmental funds - increase to net assets of the Successor Agency Trust Fund	\$ 330,094
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	(3,597,905)
Long-term debt recorded in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	3,780,000
Bond issuance costs recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	<u>(284,776)</u>
Net increase to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statement of the City)	<u>\$ 227,413</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

(Continued)

***Long-term Debt***

Long-term debt reported in the Successor Agency Trust Fund at June 30, 2012 was comprised of the following:

2004 Tax Allocation Bonds

The 2004 Tax Allocation Refunding Bonds were issued on November 1, 2004, by the Community Redevelopment Agency to refund the Tax Allocation Refunding Bonds, Series 1994 issued by the Agency. Bonds authorized and issued have interest ranging from 1.9% to 5.0% and mature December 1, 2034.

Annual debt service requirements to maturity for the 2004 Tax Allocation Bonds are as follows:

<u>Fiscal Years Ending</u>	<u>2004 Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 200,000	\$ 170,418	\$ 370,418
2014	205,000	162,918	367,918
2015	215,000	154,718	369,718
2016	220,000	146,117	366,117
2017	230,000	137,208	367,208
2018-2022	1,310,000	527,408	1,837,408
2023-2027	600,000	265,410	865,410
2028-2032	465,000	154,985	619,985
2033-2035	<u>335,000</u>	<u>34,250</u>	<u>369,250</u>
Totals	<u>\$ 3,780,000</u>	<u>\$ 1,753,432</u>	<u>\$ 5,533,432</u>

**NOTE 16 – SUBSEQUENT EVENTS**

The 2012A Water Revenue Refunding Bonds were issued September 26, 2012. These bonds provided for the refunding of the 2003 Certificates of Participations that were issued on July 1, 2003. The City is not funding a debt service reserve account for these bonds. Certificates authorized and issued have interest rates ranging from 3.00% to 4.00% and mature July 1, 2035.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 185,000	\$ 124,581	\$ 309,581
2014	150,000	157,538	307,538
2015	155,000	153,038	308,038
2016	160,000	148,388	308,388
2017	165,000	143,588	308,588
2018-2022	900,000	640,688	1,540,688
2023-2027	1,035,000	495,725	1,530,725
2028-2032	1,230,000	307,231	1,537,231
2032-2035	<u>855,000</u>	<u>68,513</u>	<u>923,513</u>
	<u>\$4,835,000</u>	<u>\$2,239,287</u>	<u>\$7,074,287</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 16 – SUBSEQUENT EVENTS (continued)**

The 2008 Certificates of Participation (Water Fund) were restructured in September, 2012. The Reserve Fund was eliminated and outstanding debt was reduced by \$940,000. The synthetic fixed rate structure of the bonds was maintained and the underlying letter of credit with Union Bank was renewed through 2016. The estimated savings in debt service over the life of the bonds is \$2.3 million based on an average interest rate of 4.70%.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 415,000	\$ 657,696	\$ 1,072,696
2014	430,000	642,258	1,072,258
2015	450,000	626,262	1,076,262
2016	475,000	609,522	1,084,522
2017	495,000	591,852	1,086,852
2018-2022	2,855,000	2,664,450	5,519,450
2023-2027	3,590,000	2,081,154	5,671,154
2028-2032	4,525,000	1,347,198	5,872,198
2032-2036	<u>4,445,000</u>	<u>422,964</u>	<u>4,867,964</u>
	<u>\$17,680,000</u>	<u>\$9,643,356</u>	<u>\$27,323,356</u>

Note: Assumes 3.72% interest rate and does not include Letter of Credit or remarketing fees.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CORCORAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2012**

Both of the City's defined benefit pension plans, the Miscellaneous Plan and the Safety Plan, are cost-sharing multiple employer defined benefit pension plans that provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The information presented below in the schedule of funding progress and employer contributions relates to the plan as a whole, of which the City is one participating employer.

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as of % of Covered Payroll
Miscellaneous:						
6/30/2009	\$ 3,104,798,222	\$ 2,758,511,101	\$ 346,287,121	88.8%	\$ 742,981,488	46.6%
6/30/2010	\$ 3,309,064,934	\$ 2,946,408,106	\$ 362,656,828	89.0%	\$ 748,401,352	48.5%
6/30/2011	\$ 3,619,835,876	\$ 3,203,214,899	\$ 416,620,977	88.5%	\$ 759,263,518	54.9%
Safety:						
6/30/2009	\$ 1,802,882,330	\$ 1,520,081,328	\$ 282,801,002	84.3%	\$ 221,600,192	127.6%
6/30/2010	\$ 1,915,095,826	\$ 1,628,915,283	\$ 286,180,543	85.1%	\$ 224,562,008	127.4%
6/30/2011	\$ 2,061,923,933	\$ 1,759,286,797	\$ 302,637,136	85.3%	\$ 225,892,222	126.7%

**CITY OF CORCORAN**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property taxes	\$ 225,751	\$ 225,751	\$ 233,086	\$ 7,335
Other taxes	1,226,454	1,226,454	1,374,284	147,830
Licenses and permits	134,927	134,927	85,120	(49,807)
Intergovernmental revenues	2,341,838	2,341,838	2,284,583	(57,255)
Charges for services	95,433	95,433	54,491	(40,942)
Fines and penalties	30,000	30,000	27,911	(2,089)
Use of money and property	39,830	39,830	241,562	201,732
Grant drawdowns	23,000	23,000	45,541	22,541
Miscellaneous	<u>135,830</u>	<u>135,830</u>	<u>106,083</u>	<u>(29,747)</u>
Total revenues	<u>4,253,063</u>	<u>4,253,063</u>	<u>4,452,661</u>	<u>199,598</u>
<b>EXPENDITURES:</b>				
Current:				
General government	810,247	810,247	845,226	(34,979)
Community development	-	-	183	(183)
Public safety	3,422,010	3,422,010	3,302,765	119,245
Public works	282,627	282,627	258,725	23,902
Parks and recreation	384,020	384,020	384,161	(141)
Capital outlay:				
General government	-	-	52,702	(52,702)
Public works	<u>-</u>	<u>-</u>	<u>16,731</u>	<u>(16,731)</u>
Total expenditures	<u>4,898,904</u>	<u>4,898,904</u>	<u>4,860,493</u>	<u>38,411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(645,841)</u>	<u>(645,841)</u>	<u>(407,832)</u>	<u>238,009</u>
Other financing sources (uses):				
Operating transfers in	150,000	150,000	2,124,300	1,974,300
Operating transfers out	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>150,000</u>	<u>150,000</u>	<u>2,024,300</u>	<u>1,874,300</u>
<b>EXTRAORDINARY ITEM:</b>				
RDA dissolution	<u>-</u>	<u>-</u>	<u>(2,278,302)</u>	<u>(2,278,302)</u>
Total extraordinary item	<u>-</u>	<u>-</u>	<u>(2,278,302)</u>	<u>(2,278,302)</u>
Net change in fund balances	<u>(495,841)</u>	<u>(495,841)</u>	<u>(661,834)</u>	<u>(165,993)</u>
Fund balances, July 1, 2011	4,603,485	4,603,485	4,603,485	-
Prior period adjustment	<u>78,000</u>	<u>78,000</u>	<u>78,000</u>	<u>-</u>
Fund balances, July 1, 2011, as restated	<u>4,681,485</u>	<u>4,681,485</u>	<u>4,681,485</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ 4,185,644</u>	<u>\$ 4,185,644</u>	<u>\$ 4,019,651</u>	<u>\$ (165,993)</u>

**CITY OF CORCORAN  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
TRANSPORTATION AND STREET SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 1,504,992	\$ 1,504,992	\$ 1,735,425	\$ 230,433
Charges for services	82,200	82,200	-	(82,200)
Use of money and property	9,600	9,600	7,236	(2,364)
Grant drawdowns	82,564	82,564	-	(82,564)
Miscellaneous	-	-	40	40
<b>Total revenues</b>	<u>1,679,356</u>	<u>1,679,356</u>	<u>1,742,701</u>	<u>63,345</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Public works	1,235,254	1,235,254	518,376	716,878
<b>Capital outlay:</b>				
Public works	<u>377,858</u>	<u>377,858</u>	<u>575,297</u>	<u>(197,439)</u>
<b>Total expenditures</b>	<u>1,613,112</u>	<u>1,613,112</u>	<u>1,093,673</u>	<u>519,439</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,244</u>	<u>66,244</u>	<u>649,028</u>	<u>582,784</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	390,000	390,000
Operating transfers out	<u>-</u>	<u>-</u>	<u>(390,000)</u>	<u>(390,000)</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	66,244	66,244	649,028	582,784
Fund balances, July 1, 2011	<u>1,304,964</u>	<u>1,304,964</u>	<u>1,304,964</u>	<u>-</u>
<b>Fund balances, June 30, 2012</b>	<u>\$ 1,371,208</u>	<u>\$ 1,371,208</u>	<u>\$ 1,953,992</u>	<u>\$ 582,784</u>

**CITY OF CORCORAN**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL**  
**HOME PROGRAM SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 214	\$ 214
Grant drawdowns	2,350,598	2,350,598	482,757	(1,867,841)
Loan repayments	168,240	168,240	129,397	(38,843)
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,234</u>	<u>1,234</u>
Total revenues	<u>2,518,838</u>	<u>2,518,838</u>	<u>613,602</u>	<u>(1,905,236)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>1,328,050</u>	<u>1,328,050</u>	<u>636,160</u>	<u>691,890</u>
Total expenditures	<u>1,328,050</u>	<u>1,328,050</u>	<u>636,160</u>	<u>691,890</u>
Net change in fund balances	1,190,788	1,190,788	(22,558)	(1,213,346)
Fund balances, July 1, 2011	<u>55,804</u>	<u>55,804</u>	<u>55,804</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ 1,246,592</u>	<u>\$ 1,246,592</u>	<u>\$ 33,246</u>	<u>\$ (1,213,346)</u>

**CITY OF CORCORAN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 - BUDGETARY INFORMATION**

The City follows the following procedures, annually, in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is legally adopted through passage of an ordinance. This budget is reported as Original Budget in the budgetary comparison schedules.
4. During the fiscal year, changes to the adopted budget may be authorized, as follows:
  - a. Items requiring City Council action – appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.
  - b. Items delegated to the City Manager – transfers between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.
  - c. Items delegated to the department head – allocation of departmental appropriations to line item level.
5. Formal budgetary integration is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the general, special revenue, and enterprise funds. Project length budgets are adopted for the capital projects funds. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP), and budgetary comparisons for the general and major special revenue funds are presented on that basis in the required supplementary information. A debt service payment schedule for the debt service funds is also approved as part of the budget process.
6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called “department”. A “department” for legal appropriation purposes may be a single organization or an entire department having multiple organizations within the same fund, or an entire fund.

## OTHER SUPPLEMENTARY INFORMATION

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## NONMAJOR GOVERNMENTAL FUNDS

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The City maintains seven nonmajor special revenue funds.

The **Community Redevelopment Special Revenue Fund** is used to account for the 20% tax increment funds required by state law to be set aside for low and moderate housing needs.

The **Public Safety Fund** is used to account for grant funds received for supplemental public safety expenditures, adjudicated cash and other assets seized from drug arrests that are available for police department enhancements and revenues and expenditures related to a rail spur study.

The **Parks Capital Fund** is used to account for residential development tax funds that are restricted to acquisition, improvement and expansion of public park, playground and recreation facilities.

The **Community Development Block Grant Special Revenue Fund** is used to account for the federal grants that provide for development of a viable urban community by providing suitable housing, principally for low and moderate income residents.

The **Housing Authority Special Revenue Fund** is used to account for future financing for low-income household for the acquisition, rehabilitation, or new construction of single family homes.

The **Economic Development Loan Programs Fund** is used to account for the Business Loan Program that provides loans to local businesses unable to obtain other financing.

The **Assessment Districts** are used to account for two landscape and lighting districts that were established for subdivisions to provide for the maintenance to turf areas, shrubs, trees, and irrigations systems and walls.

The **Debt Service Funds** are used to account for the accumulation of resources for the payment of principal and interest on general debt of the City.

The **Corcoran Joint Powers Finance Authority Fund** is used to account for the repayment of debt issued by the Corcoran Joint Powers Finance Authority.

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities and improvements (other than those financed by enterprise funds).

The **Corcoran Joint Powers Finance Authority Fund** is used to account for construction of the projects financed by the CJPFA.

**CITY OF CORCORAN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	Nonmajor Special Revenue	Corcoran Joint Powers Finance Authority Debt Service Fund	Corcoran Joint Powers Finance Authority Capital Projects Fund	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>				
Cash and investments:				
Unrestricted	\$ 1,730,222	\$ -	\$ 16,109	\$ 1,746,331
Cash with fiscal agent:				
Restricted	-	76,507	-	76,507
Receivables	1,433,135	-	18	1,433,153
Due from other funds	<u>37,255</u>	<u>-</u>	<u>-</u>	<u>37,255</u>
 Total assets	 <u>\$ 3,200,612</u>	 <u>\$ 76,507</u>	 <u>\$ 16,127</u>	 <u>\$ 3,293,246</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 60,262	\$ -	\$ -	\$ 60,262
Deposits	700	-	-	700
Due to other funds	-	3,577	-	3,577
Deferred revenue	<u>1,431,331</u>	<u>-</u>	<u>-</u>	<u>1,431,331</u>
 Total liabilities	 <u>1,492,293</u>	 <u>3,577</u>	 <u>-</u>	 <u>1,495,870</u>
Fund balances:				
Restricted for:				
Debt service	-	72,930	16,127	89,057
Community development	1,305,638	-	-	1,305,638
Public safety	300,957	-	-	300,957
Parks and recreation	101,734	-	-	101,734
Unassigned	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>(10)</u>
 Total fund balances	 <u>1,708,319</u>	 <u>72,930</u>	 <u>16,127</u>	 <u>1,797,376</u>
 Total liabilities and fund balances	 <u>\$ 3,200,612</u>	 <u>\$ 76,507</u>	 <u>\$ 16,127</u>	 <u>\$ 3,293,246</u>

**CITY OF CORCORAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Nonmajor Special Revenue	Corcoran Joint Powers Finance Authority Debt Service Fund	Corcoran Joint Powers Finance Authority Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 143,288	\$ -	\$ -	\$ 143,288
Use of money and property	16,106	74,318	77	90,501
Intergovernmental revenues	7,379	-	-	7,379
Grant drawdowns	467,515	-	-	467,515
Repayment of loans	120,100	-	-	120,100
Miscellaneous	97,886	-	-	97,886
<b>Total revenues</b>	<u>852,274</u>	<u>74,318</u>	<u>77</u>	<u>926,669</u>
<b>EXPENDITURES:</b>				
Current services:				
General government	8,726	-	2,384	11,110
Community development	596,870	-	-	596,870
Public safety	224,257	-	-	224,257
Capital outlay:				
Parks and recreation	8,847	-	-	8,847
Debt service:				
Principal retirement	-	45,000	-	45,000
Interest and fiscal charges	-	29,313	-	29,313
<b>Total expenditures</b>	<u>838,700</u>	<u>74,313</u>	<u>2,384</u>	<u>915,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,574</u>	<u>5</u>	<u>(2,307)</u>	<u>11,272</u>
Other financing sources (uses):				
Operating transfers in	281,652	-	-	281,652
Operating transfers out	<u>(305,952)</u>	<u>-</u>	<u>-</u>	<u>(305,952)</u>
<b>Total other financing sources (uses)</b>	<u>(24,300)</u>	<u>-</u>	<u>-</u>	<u>(24,300)</u>
<b>EXTRAORDINARY ITEM:</b>				
RDA dissolution	<u>(241,900)</u>	<u>-</u>	<u>-</u>	<u>(241,900)</u>
<b>Total extraordinary item</b>	<u>(241,900)</u>	<u>-</u>	<u>-</u>	<u>(241,900)</u>
<b>Net changes in fund balances</b>	<u>(252,626)</u>	<u>5</u>	<u>(2,307)</u>	<u>(254,928)</u>
Fund balances, July 1, 2011	<u>1,960,945</u>	<u>72,925</u>	<u>18,434</u>	<u>2,052,304</u>
<b>Fund balances, June 30, 2012</b>	<u>\$ 1,708,319</u>	<u>\$ 72,930</u>	<u>\$ 16,127</u>	<u>\$ 1,797,376</u>

**CITY OF CORCORAN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2012**

	Community Redevelopment Agency	Public Safety	Parks Capital	Community Development Block Grant
<b><u>ASSETS</u></b>				
Cash and investments:				
Unrestricted	\$ -	\$ 338,279	\$ 101,644	\$ 39,892
Receivables	-	252	90	1,157,958
Due from other funds	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 338,531</u>	<u>\$ 101,734</u>	<u>\$ 1,197,850</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ -	\$ 37,574	\$ -	\$ 20,522
Deposits	-	-	-	-
Deferred revenue	-	-	-	1,157,849
Total liabilities	<u>-</u>	<u>37,574</u>	<u>-</u>	<u>1,178,371</u>
Fund balances:				
Restricted for:				
Community development	-	-	-	19,479
Public safety	-	300,957	-	-
Parks and recreation	-	-	101,734	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>300,957</u>	<u>101,734</u>	<u>19,479</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 338,531</u>	<u>\$ 101,734</u>	<u>\$ 1,197,850</u>

**CITY OF CORCORAN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2012**

	Housing Authority	Economic Development Loan Programs	Assessment Districts	Totals
<b><u>ASSETS</u></b>				
Cash and investments:				
Unrestricted	\$ 1,174,711	\$ 74,207	\$ 1,489	\$ 1,730,222
Receivables	177,923	96,420	492	1,433,135
Due from other funds	<u>37,255</u>	<u>-</u>	<u>-</u>	<u>37,255</u>
 Total assets	 <u>\$ 1,389,889</u>	 <u>\$ 170,627</u>	 <u>\$ 1,981</u>	 <u>\$ 3,200,612</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 175	\$ -	\$ 1,991	\$ 60,262
Deposits	700	-	-	700
Deferred revenue	<u>177,062</u>	<u>96,420</u>	<u>-</u>	<u>1,431,331</u>
 Total liabilities	 <u>177,937</u>	 <u>96,420</u>	 <u>1,991</u>	 <u>1,492,293</u>
Fund balances:				
Restricted for:				
Community development	1,211,952	74,207	-	1,305,638
Public safety	-	-	-	300,957
Parks and recreation	-	-	-	101,734
Unassigned	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(10)</u>
 Total fund balances	 <u>1,211,952</u>	 <u>74,207</u>	 <u>(10)</u>	 <u>1,708,319</u>
 Total liabilities and fund balances	 <u>\$ 1,389,889</u>	 <u>\$ 170,627</u>	 <u>\$ 1,981</u>	 <u>\$ 3,200,612</u>

**CITY OF CORCORAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Community Redevelopment Agency	Public Safety	Parks Capital	Community Development Block Grant
<b>REVENUES:</b>				
Property taxes	\$ 134,772	\$ -	\$ -	\$ -
Use of money and property	6,307	1,666	388	130
Intergovernmental revenues	-	-	7,379	-
Grant drawdowns	-	100,000	-	367,515
Repayment of loans	4,373	-	-	97,730
Miscellaneous	475	81,589	-	15,437
	<u>145,927</u>	<u>183,255</u>	<u>7,767</u>	<u>480,812</u>
<b>Total revenues</b>				
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Community development	84,799	-	-	481,511
Public safety	-	224,257	-	-
Capital outlay:				
Parks and recreation	-	-	8,847	-
	<u>84,799</u>	<u>224,257</u>	<u>8,847</u>	<u>481,511</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over (under) expenditures	<u>61,128</u>	<u>(41,002)</u>	<u>(1,080)</u>	<u>(699)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	55,700
Operating transfers out	<u>(225,952)</u>	<u>(15,000)</u>	<u>-</u>	<u>(50,000)</u>
<b>Total other financing sources (uses)</b>	<u>(225,952)</u>	<u>(15,000)</u>	<u>-</u>	<u>5,700</u>
<b>EXTRAORDINARY ITEM:</b>				
RDA dissolution	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,900)</u>
<b>Total extraordinary item</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,900)</u>
Net changes in fund balances	(164,824)	(56,002)	(1,080)	(236,899)
Fund balances, July 1, 2011	<u>164,824</u>	<u>356,959</u>	<u>102,814</u>	<u>256,378</u>
Fund balances, June 30, 2012	<u>\$ -</u>	<u>\$ 300,957</u>	<u>\$ 101,734</u>	<u>\$ 19,479</u>

**CITY OF CORCORAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Housing Authority	Economic Development Loan Programs	Assessment Districts	Totals
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 8,516	\$ 143,288
Use of money and property	7,610	-	5	16,106
Intergovernmental revenues	-	-	-	7,379
Grant drawdowns	-	-	-	467,515
Repayment of loans	6,404	11,593	-	120,100
Miscellaneous	385	-	-	97,886
<b>Total revenues</b>	<u>14,399</u>	<u>11,593</u>	<u>8,521</u>	<u>852,274</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	8,726	8,726
Community development	29,240	-	1,320	596,870
Public safety	-	-	-	224,257
Capital outlay:				
Parks and recreation	-	-	-	8,847
<b>Total expenditures</b>	<u>29,240</u>	<u>-</u>	<u>10,046</u>	<u>838,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,841)</u>	<u>11,593</u>	<u>(1,525)</u>	<u>13,574</u>
Other financing sources (uses):				
Operating transfers in	225,952	-	-	281,652
Operating transfers out	-	(15,000)	-	(305,952)
<b>Total other financing sources (uses)</b>	<u>225,952</u>	<u>(15,000)</u>	<u>-</u>	<u>(24,300)</u>
<b>EXTRAORDINARY ITEM:</b>				
RDA dissolution	-	-	-	(241,900)
<b>Total extraordinary item</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,900)</u>
Net changes in fund balances	211,111	(3,407)	(1,525)	(252,626)
Fund balances, July 1, 2011	<u>1,000,841</u>	<u>77,614</u>	<u>1,515</u>	<u>1,960,945</u>
Fund balances, June 30, 2012	<u>\$ 1,211,952</u>	<u>\$ 74,207</u>	<u>\$ (10)</u>	<u>\$ 1,708,319</u>

**CITY OF CORCORAN  
COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
JUNE 30, 2012**

	Asset Seizure (Unprocessed)	Kings County CDBG	Corcoran Police Explorers	Total
<b><u>ASSETS</u></b>				
Cash	\$ 752	\$ 21,367	\$ 2,276	\$ 24,395
Receivables:				
Interest	-	171	-	171
Notes	<u>-</u>	<u>1,162,033</u>	<u>-</u>	<u>1,162,033</u>
Total assets	<u>\$ 752</u>	<u>\$ 1,183,571</u>	<u>\$ 2,276</u>	<u>\$ 1,186,599</u>
<b><u>LIABILITIES</u></b>				
Due to other agencies	<u>\$ 752</u>	<u>\$ 1,183,571</u>	<u>\$ 2,276</u>	<u>\$ 1,186,599</u>
Total liabilities	<u>\$ 752</u>	<u>\$ 1,183,571</u>	<u>\$ 2,276</u>	<u>\$ 1,186,599</u>

**CITY OF CORCORAN  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>ASSETS SEIZURES (UNPROCESSED)</b>				
<b><u>ASSETS</u></b>				
Cash	\$ 752	\$ -	\$ -	\$ 752
Receivables:				
Interest	-	-	-	-
Notes	-	-	-	-
Total assets	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 752</u>
<b><u>LIABILITIES</u></b>				
Due to other agencies	<u>\$ 754</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 752</u>
Total liabilities	<u>\$ 754</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 752</u>
<b>KINGS COUNTY CDBG</b>				
<b><u>ASSETS</u></b>				
Cash	\$ 15,556	\$ 28,764	\$ (22,953)	\$ 21,367
Receivables:				
Interest	80	93	(2)	171
Notes	1,189,677	-	(27,644)	1,162,033
Total assets	<u>\$ 1,205,313</u>	<u>\$ 28,857</u>	<u>\$ (50,599)</u>	<u>\$ 1,183,571</u>
<b><u>LIABILITIES</u></b>				
Due to other agencies	<u>\$ 1,205,311</u>	<u>\$ 52,069</u>	<u>\$ (73,809)</u>	<u>\$ 1,183,571</u>
Total liabilities	<u>\$ 1,205,311</u>	<u>\$ 52,069</u>	<u>\$ (73,809)</u>	<u>\$ 1,183,571</u>
<b>CORCORAN POLICE EXPLORERS</b>				
<b><u>ASSETS</u></b>				
Cash	\$ 1,040	\$ 5,601	\$ (4,365)	\$ 2,276
Receivables:				
Interest	-	-	-	-
Notes	-	-	-	-
Total assets	<u>\$ 1,040</u>	<u>\$ 5,601</u>	<u>\$ (4,365)</u>	<u>\$ 2,276</u>
<b><u>LIABILITIES</u></b>				
Due to other agencies	<u>\$ 1,041</u>	<u>\$ 6,489</u>	<u>\$ (5,254)</u>	<u>\$ 2,276</u>
Total liabilities	<u>\$ 1,041</u>	<u>\$ 6,489</u>	<u>\$ (5,254)</u>	<u>\$ 2,276</u>

**CITY OF CORCORAN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Contract/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development (HUD):			
Passed through the State of California:			
Community Development Block Grants:			
(State Program)	14.228	09-STBG-6408	\$ 216,584
(State Program)	14.228	10-STBG-6706	<u>221,407</u>
Total Community Development Block Grants			<u>437,991</u>
HOME Investment Partnership Program:			
(State HOME Program)	14.239	09-HOME-6124	<u>268,315</u>
Total HOME Investment Partnership Program			<u>268,315</u>
Total U.S. Department of Housing and Urban Development			<u>706,306</u>
Total expenditures of federal awards			<u>\$ 706,306</u>

**CITY OF CORCORAN  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

Moneys received under federal grant programs have been recorded within the governmental activities of the government-wide financial statements and special revenue governmental funds of the City. The City utilizes the modified accrual basis of accounting for the governmental fund types. The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting.

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OTHER INDEPENDENT AUDITOR'S REPORTS

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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

To the Honorable Mayor and City Council  
City of Corcoran, California

We 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 Corcoran, California (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 25, 2013. We conducted our 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 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2012-01 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Audit Committee, City Council, management of the City, the State Controller, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Price Pange & Company*

Clovis, California  
March 25, 2013



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Corcoran, California

Compliance

We have audited the City of Corcoran, California's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City's management. Our responsibility is to express an opinion on City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Audit Committee, City Council, management of the City, the State Controller, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Price Pange & Company*

Clovis, California  
March 25, 2013

## FINDINGS AND QUESTIONED COSTS

**CITY OF CORCORAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weakness identified?  X  Yes   No  
 Significant deficiencies identified that are not considered  
 to be material weaknesses?   Yes  X  None reported

Noncompliance material to financial statements noted?   Yes  X  No

**FEDERAL AWARDS**

Internal control over major programs:  
 Material weakness identified?   Yes  X  No  
 Significant deficiencies identified that are not considered  
 to be material weaknesses?   Yes  X  None reported

Type of auditor's report issued on compliance for  
 major programs: Unqualified

Any audit findings disclosed that are required to be reported  
 in accordance with Circular A-133 Section .510(a)   Yes  X  No

**IDENTIFICATION OF MAJOR PROGRAMS**

<u>CFDA Number</u> 14.228	<u>Name of Federal Program or Cluster</u> Community Development Block Grant
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Dollar threshold used to distinguish between  
 Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  X  Yes   No

**CITY OF CORCORAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2012-01**

Condition: The City of Corcoran's governmental capital assets schedule had several errors from the calculation of depreciation, historical cost values, and transferring of assets.

Criteria: Governmental Accounting Standards Board (GASB) Statement No. 34

Cause: Due to staff shortages, there was a lack of review to ensure accuracy of the capital assets schedule.

Effect: Governmental capital assets were understated by \$33,579 in the prior fiscal year.

Recommendation: The capital assets schedule should be reviewed for propriety by someone other than the person preparing the depreciation schedule and the City should invest in capital assets software to help with the tracking and depreciation of capital assets.

Response: The City will make it a priority to update and review the fixed asset schedules on an ongoing basis and review options for streamlining the process.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported

**CITY OF CORCORAN  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2011-01**

Condition: The City of Corcoran's governmental revenues, which are collected sixty days or more after the current fiscal year-end, were not properly recorded in the deferred revenue account; rather they were recorded incorrectly into the revenue account.

Criteria: According to Governmental Accounting Standards Board (GASB) Statement No. 33, governmental revenue which is collected more than sixty days after year-end should be recorded as deferred revenue.

Cause: Due to staff shortages, there was a lack of review to ensure proper recording of accruals.

Effect: Deferred revenue was understated and revenue overstated by \$197,342 in the current fiscal year.

Recommendation: All journal entries should be reviewed for propriety by someone other than the person making the entry.

Response: The City will make an effort to redistribute the work to allow for a more complete review process.

Status: Implemented

**Finding 2011-02**

Condition: The City of Corcoran's governmental capital assets schedule was overstated resulting from an asset transfer between funds.

Criteria: Governmental Accounting Standards Board (GASB) Statement No. 34

Cause: Due to staff shortages, there was a lack of review to ensure accuracy of the capital assets schedule.

Effect: Governmental capital assets were overstated by \$703,324 in the prior fiscal year.

Recommendation: The capital assets schedule should be reviewed for propriety by someone other than the person preparing the depreciation schedule.

Response: The City will make it a priority to update and review the fixed asset schedules on an ongoing basis and review options for streamlining the process.

Status: Not implemented, see current year finding 2012-01.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported

**STAFF REPORT**  
**ITEM #: - 7A**

**MEMORANDUM**

**TO:** Corcoran City Council

**FROM:** Steve Kroeker, Public Works Director

**DATE:** 3/20/13

**MEETING DATE:** April 1, 2013

**SUBJECT:** That the City of Corcoran Council authorize the City Manager to execute and file all assurances or any other document required by the Department for FTA Section 5311 for Federal and State funding through the California Department of Transportation.

**RECOMMENDATION:** (Voice Vote)

That the Council authorizes the City Manager to sign on their behalf the Federal Fiscal Year 2013 FTA Certifications and Assurances Signature Page committing the Council and City of Corcoran to comply with all Federal Statutes, Regulations, Executive Orders, and Federal Requirements applicable to each application it makes to the Federal Transit Administration (FTA) in Federal Fiscal Year 2013.

*I.E. Motion to waive first reading and accept Ordinance No. 617, Traffic schedules.*

**DISCUSSION:**

Before the FTA can award a Federal grant or agreement, the applicant must submit all certifications and assurances pertaining to itself and its project or projects as required by Federal laws and regulations.

Since 1995, FTA has consolidating the various certifications and assurances that may be required into a single document for publication in the Federal Register.

The City of Corcoran uses FTA funding for its Transit service. This includes funding for operation, expansion of services and capital improvements. Because of these applications and contracts, the City is required to file the attached certifications and assurances.

**BUDGET IMPACT:**

These certifications and assurances are required in order to obtain the Federal Funds the City of Corcoran Transit Division uses for its operation.

**ATTACHMENTS:**

**RESOLUTION NO. 2675**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN  
AUTHORIZING THE FEDERAL FUNDING UNDER FTA SECTION 5311 (49 U.S.C.  
SECTION 5311) WITH CALIFORNIA DEPARTMENT OF TRANSPORTATION**

**WHEREAS**, the U.S. Department of Transportation is authorized to make grants to states through the Federal Transit Administration to support capital and operating assistance project for non-urbanized public transportation systems under Section 5311 of the Federal Transit Act; and,

**WHEREAS**, the California Department of Transportation (Department) has been designated by the Governor of the State of California to administer Section 5311 grants for public transportation projects; and,

**WHEREAS**, the City of Corcoran desires to apply for said financial assistance to permit operation of rural transit services in the City of Corcoran, located in Kings County; and,

**WHEREAS**, the City of Corcoran, has, to the maximum extent feasible, coordinated with other transportation providers and users in the region (including social service agencies); and,

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Corcoran does hereby authorize the City of Corcoran City Manager, to file and execute applications on behalf of the City of Corcoran with the Department to aid in the financing of operating or capital assistance projects pursuant to Section 5311 of the Federal Transit Act of 1964, as amended.

That the City of Corcoran City Manager is authorized to execute and file all assurances or any other document required by the Department.

That the City of Corcoran City manager is authorized to provide additional information as the Department may require in connection with the application for Section 5311 projects.

That the City of Corcoran City Manager is authorized to submit and approve requests for reimbursement of funds from the Department for the Section 5311 project.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Corcoran held on the 1<sup>st</sup> day of April, 2013, by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

**APPROVED:** \_\_\_\_\_  
Jim Wadsworth, Mayor

**ATTEST:** \_\_\_\_\_  
Lorraine P. Lopez, City Clerk

**FEDERAL FISCAL YEAR 2013 CERTIFICATIONS AND ASSURANCES FOR  
FEDERAL TRANSIT ADMINISTRATION ASSISTANCE PROGRAMS  
CALIFORNIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF MASS TRANSPORTATION**

**PREFACE**

*In accordance with 49 U.S.C. 5323(n), the following certifications and assurances have been compiled for the Federal Transit Administration (FTA) assistance programs. FTA requests each Subrecipient of the California Department of Transportation (Department) to provide as many certifications and assurances as needed for all programs for which the Subrecipient intends to seek FTA assistance during Federal Fiscal Year (FY) 2013. Before the FTA may award Federal transit assistance (funding or funds) to support a project, the Subrecipient must provide certain certifications and assurances required by Federal law or regulation.*

*The Department has consolidated the FTA certifications and assurances into 15 groups. At a minimum, the Subrecipient must provide the assurances in Group 01. If the Subrecipient requests more than \$100,000, the Subrecipient must also provide the Lobbying certification in Group 02, unless the Subrecipient is an Indian tribe or organization or a tribal organization. Depending on the nature of the Subrecipient and its Project, the Subrecipient may need to provide some of the certifications and assurances in Groups 03 through 16. However, instead of selecting individual groups of certifications and assurances, the Subrecipient may make a single selection that will encompass all groups of certifications and assurances applicable to all FTA programs. FTA and the Department understand and agree that not every provision of these certifications and assurances will apply to every Subrecipient or every project FTA funds. The type of project and Subrecipient will determine which certifications and assurances apply.*

The Subrecipient also understands and agrees that these Certifications and Assurances are pre-award requirements, generally required by Federal law or regulation, and do not include all Federal requirements that may apply to the Subrecipient or its Project. Our FTA Master Agreement MA(19) for Federal FY 2013, <http://www.fta.dot.gov/documents/19-Master.pdf>, contains a list of most of those requirements.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected .

The Subrecipient understands and agrees that when it applies for funding on behalf of a consortium, joint venture, partnership, or team, it must identify the activities each member will perform and the extent to which each member of that consortium, joint venture, partnership, or team will be responsible for compliance with the Certifications and Assurances it selects, except as FTA determines otherwise in writing.

These Certifications and Assurances have been prepared in light of:

- FTA's latest authorization legislation, Moving Ahead for Progress in the 21st Century Act (MAP-21), Pub. L. 112-141, June 6, 2012,
- The Continuing Appropriations Resolution, 2013 (CR), Pub. L. 112-175, September 28, 2012,
- The FTA "Notice of FTA Transit Program Changes, Authorized Funding Levels and

- Implementation of the Moving Ahead for Progress in the 21st Century Act (MAP-21) and the FTA FY 2013 Apportionments, Allocations, Program Information and Interim Guidance,” 77 Fed. Reg. 663670, October 16, 2012 (FTA FY 2013 Apportionments Notice), and
- FTA’s authorizing legislation in effect in FY 2012 or a previous fiscal year.

With certain exceptions, projects financed in FY 2013 with funds made available or appropriated for FY 2012 or a previous fiscal year must be in compliance with the requirements for that type of project in effect for the fiscal year for which the funding was derived, except as superseded by MAP-21 cross-cutting requirements that apply instead.

### **GROUP 01. REQUIRED CERTIFICATIONS AND ASSURANCES FOR EACH SUBRECIPIENT.**

The Subrecipient must select the Certifications and Assurances in Group 01 except as FTA determines otherwise in writing.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient’s Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected the Subrecipient.

Except as FTA determines otherwise in writing, before FTA may provide funding for the Subrecipient’s Project, the Subrecipient must select the Certifications and Assurances in Group 01. Any provision of the Certifications and Assurances in Group 01 that does not apply will not be enforced.

#### **A. Assurance of Authority of the Subrecipient and Its Representative.**

The Subrecipient certifies that both the Subrecipient and its attorney who sign these Certifications, Assurances, and Agreements affirm that the Subrecipient may undertake the following activities, in compliance with applicable State, local, or Indian tribal laws and regulations, and the Subrecipient’s by-laws or internal rules:

1. Execute and file its application for Federal funds,
2. Execute and file its Certifications, Assurances, and Agreements binding its compliance,
3. Execute Grant Agreements or Cooperative Agreements, or both, with FTA,
4. Comply with applicable Federal laws and regulations, and
5. Follow applicable Federal guidance.

#### **B. Standard Assurances.**

The Subrecipient understands and agrees to the following:

1. The Subrecipient will comply with all applicable Federal statutes and regulations to carry out any FTA funded Project,
3. The Subrecipient is under a continuing obligation to comply with the terms and conditions of the FTA Grant Agreement or Cooperative Agreement for its Project, including the FTA Master Agreement incorporated by reference and made part of the latest amendment to the Grant Agreement or Cooperative Agreement,
4. The Subrecipient recognizes that Federal laws and regulations may be modified from time to time and those modifications may affect Project implementation,
5. The Subrecipient understands that Presidential executive orders and Federal guidance, including

Federal policies and program guidance, may be issued concerning matters affecting the Subrecipient or its Project,

6. The Subrecipient agrees that the most recent Federal laws, regulations, and guidance will apply to its Project, unless FTA determines otherwise in writing,
7. In light of recent FTA legislation applicable to FTA and except as FTA determines otherwise in writing, the Subrecipient agrees that requirements for FTA programs may vary depending on the fiscal year for which the funding for those programs was appropriated:
  - a. In some instances, FTA has determined that Federal statutory or regulatory program and eligibility requirements for FY 2012 or a specific previous fiscal year will apply to:
    - (1) New grants and cooperative agreements, and
    - (2) New amendments to grants and cooperative agreements that:
      - (a) Have been awarded Federal funds made available or appropriated for FY 2012 or the previous fiscal year, or
      - (b) May be awarded Federal funds appropriated for FY 2012 or the previous fiscal year, but
  - b. In other instances, FTA has determined that MAP-21 will apply to the Federal funds made available or appropriated for FY 2012 or a previous fiscal year, and
  - c. For all FTA funded Projects, the following MAP-21 cross-cutting requirements supersede conflicting provisions of previous Federal law and regulations:
    - (1) Metropolitan and Statewide Planning,
    - (2) Environmental Review Process,
    - (3) Agency Safety Plans,
    - (4) Transit Asset Management Provisions (and Asset Inventory and Condition Reporting),
    - (5) Costs Incurred by Providers of Public Transportation by Vanpool,
    - (6) Revenue Bonds as Local Match,
    - (7) Debt Service Reserve,
    - (8) Government's Share of Cost of Vehicles, Vehicle-Equipment, and Facilities for ADA and Clean Air Act Compliance,
    - (9) Private Sector Participation,
    - (10) Bus Testing,
    - (11) Buy America,
    - (12) Corridor Preservation,
    - (13) Rail Car Procurements,
    - (14) Veterans Preference/Employment,
    - (15) Alcohol and Controlled Substance Testing, and
    - (16) Other provisions as FTA may determine.

(See the Federal Transit Administration, "Notice of FTA Transit Program Changes, Authorized Funding Levels and Implementation of the Moving Ahead for Progress in the 21st Century Act (MAP-21) and FTA FY 2013 Apportionments, Allocations, Program Information and Interim Guidance," 77 Fed. Reg. 663670, October 16, 2012.)

### **C. Intergovernmental Review Assurance.**

(The assurance in Group 01.C does not apply to an Indian tribe, an Indian organization or a tribal organization that applies for funding made available or appropriated for FTA's Public Transportation on Indian Reservations Program authorized by 49 U.S.C. 5311(c)(1), as amended by MAP-21 or to FTA's Tribal Transit Program authorized by former 49 U.S.C. 5311(c)(1) in effect in FY 2012 or a previous fiscal year.)

To facilitate compliance with U.S. Department of Transportation (U.S. DOT) regulations, "Intergovernmental Review of Department of Transportation Programs and Activities," 49 CFR Part 17, the Subrecipient assures that it has submitted or will submit each application for Federal funding

to the appropriate State and local agencies for intergovernmental review, as required by those regulations.

#### **D. Nondiscrimination Assurance.**

The Subrecipient assures that:

1. The Subrecipient will comply with the following laws and regulations so that no person in the United States will be denied the benefits of, or otherwise be subjected to discrimination in any U.S. DOT or FTA funded program or activity (particularly in the level and quality of transportation services and transportation-related benefits on the basis of race, color, national origin, religion, sex, disability, or age:
  - a. Federal transit laws, specifically 49 U.S.C. 5332, as amended by MAP-21 (prohibiting discrimination on the basis of race, color, religion, national origin, sex, disability, or age, and in employment or business opportunity),
  - b. Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d,
  - c. The Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, *et seq.*,
  - d. The Americans with Disabilities Act of 1990, as amended, 42 U.S.C. 12101 *et seq.*,
  - e. U.S. DOT regulations, “Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964,” 49 CFR part 21,
  - f. U.S. DOT regulations, specifically 49 CFR parts 27, 37, 38, and 39, and
  - g. Any other applicable Federal statutes that may be signed into law or Federal regulations that may  
be promulgated,
2. The Subrecipient will comply with Federal guidance implementing Federal nondiscrimination laws and regulations, except to the extent FTA determines otherwise in writing,
3. As required by 49 CFR 21.7:
  - a. The Subrecipient will comply with 49 U.S.C. 5332, as amended by MAP-21, 42 U.S.C. 2000d, and 49 CFR Part 21 in the manner:
    - (1) It conducts each Project,
    - (2) It undertakes property acquisitions, and
    - (3) It operates its Project facilities, including:
      - (a) Its entire facilities, and
      - (b) Its facilities operated in connection with its Project,
  - b. This assurance applies to the Subrecipient’s entire Project and to all parts of its facilities, including the facilities it operates to implement its Project,
  - c. The Subrecipient will promptly take the necessary actions to carry out this assurance, including:
    - (1) Notifying the public that discrimination complaints about transportation-related services or benefits may be filed with U.S. DOT or FTA, and
    - (2) Submitting information about its compliance with these provisions to U.S. DOT or FTA  
upon  
their request,
  - d. If the Subrecipient transfers FTA funded real property, structures, or improvements to another party, any deeds and instruments recording that transfer will contain a covenant running with the land assuring nondiscrimination:
    - (1) While the property is used for the purpose that the Federal funding is extended, and
    - (2) While the property is used for another purpose involving the provision of similar services or benefits,
  - e. The United States has a right to seek judicial enforcement of any matter arising under:
    - (1) Title VI of the Civil Rights Act, 42 U.S.C. 2000d,
    - (2) U.S. DOT regulations, 49 CFR Part 21, and
    - (3) This assurance,
  - f. The Subrecipient will make any changes in its Title VI implementing procedures as U.S. DOT or

FTA may request to comply with:

- (1) Title VI of the Civil Rights Act, 42 U.S.C. 2000d,
  - (2) U.S. DOT regulations, 49 CFR Part 21, and
  - (3) Federal transit laws, 49 U.S.C. 5332, as amended by MAP-21,
- g. The Subrecipient will comply with Federal guidance issued to implement Federal nondiscrimination requirements, except as FTA determines otherwise in writing,
- h. The Subrecipient will extend the requirements of 49 U.S.C. 5332, as amended by MAP-21, 42 U.S.C. 2000d, and 49 CFR part 21 to each Third Party Contractor, including:
- (1) Any Transferee,
  - (2) Any Third Party Contractor or Subcontractor at any tier,
  - (3) Any Successor in Interest,
  - (4) Any Lessee, or
  - (5) Any other Third Party Contractor in its Project,
- i. The Subrecipient will include adequate provisions to extend the requirements of 49 U.S.C. 5332, as amended by MAP-21, 42 U.S.C. 2000d, and 49 CFR Part 21 to each third party agreement, including:
- (1) Each subagreement,
  - (2) Each property transfer agreement,
  - (3) Each third party contract or subcontract at any tier,
  - (4) Each lease, or
  - (5) Each participation agreement, and
- j. The assurances the Subrecipient has made will remain in effect as long as:
- (1) Federal funding is extended to the Subrecipient's Project,
  - (2) The Subrecipient's Project property is used for a purpose for which the Federal funding is extended,
  - (3) The Subrecipient's Project property is used for a purpose involving the provision of similar services or benefits, or
  - (4) The Subrecipient retains ownership or possession of its Project property, and
4. As required by U.S. DOT regulations, "Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance," 49 CFR Part 27, specifically 49 CFR Part 27.9, and consistent with 49 U.S.C. 5307(c)(1)(D)(iii), as amended by MAP-21, you assure that:
- a. The Subrecipient will comply with the following prohibitions against discrimination on the basis of disability, which are a condition of approval or extension of any FTA funding awarded to:
- (1) Construct any facility,
  - (2) Obtain any rolling stock or other equipment,
  - (3) Undertake studies,
  - (4) Conduct research, or
  - (5) Participate in or obtain any benefit from any FTA administered program, and
- b. In any program or activity receiving or benefiting from Federal funding that U.S. DOT administers, no otherwise qualified people with a disability will, because of their disability, be:
- (1) Excluded from participation,
  - (2) Denied benefits, or
  - (3) Otherwise subjected to discrimination.

## **E. Suspension and Debarment Certification.**

The Subrecipient certifies that:

1. The Subrecipient will comply and facilitate compliance with U.S. DOT regulations, "Nonprocurement Suspension and Debarment," 2 CFR Part 1200, which adopts and supplements the provisions of U.S. Office of Management and Budget (U.S. OMB) "Guidelines to Agencies on

- Governmentwide Debarment and Suspension (Nonprocurement),” 2 CFR Part 180,
2. To the best of the Subrecipient’s knowledge and belief, , that the Subrecipient’s Third Party Contractors at the first tier:
    - a. Are eligible to participate in covered transactions of any Federal department or agency and are not presently:
      - (1) Debarred,
      - (2) Suspended,
      - (3) Proposed for debarment,
      - (4) Declared ineligible,
      - (5) Voluntarily excluded, or
      - (6) Disqualified,
    - b. The Subrecipient’s management has not within a three-year period preceding its latest application or proposal been convicted of or had a civil judgment rendered against any of them for:
      - (1) Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction, or contract under a public transaction,
      - (2) Violation of any Federal or State antitrust statute, or
      - (3) Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making any false statement, or receiving stolen property,
    - c. The Subrecipient is not presently indicted for, or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses listed in the preceding Section 1.b of this Certification,
    - d. The Subrecipient has not had one or more public transactions (Federal, State, or local) terminated for cause or default within a three-year period preceding this Certification,
    - e. If, at a later time, the Subrecipient receives any information that contradicts the statements of subparagraphs 2.a – 2.d above, the Subrecipient will promptly provide that information to FTA,
    - f. The Subrecipient will treat each lower tier subcontract under its Project as a covered lower tier contract for purposes of 2 CFR Part 1200 and 2 CFR Part 180 if it:
      - (1) Equals or exceeds \$25,000,
      - (2) Is for audit services, or
      - (3) Requires the consent of a Federal official, and
    - g. The Subrecipient will require that each covered lower tier subcontractor:
      - (1) Comply and facilitate compliance with the Federal requirements of 2 CFR Parts 180 and 1200, and
      - (2) Assure that each lower tier Contractor in its Project is not presently declared by any Federal department or agency to be:
        - (a) Debarred from participation in the Subrecipient’s federally funded Project,
        - (b) Suspended from participation in the Subrecipient’s federally funded Project,
        - (c) Proposed for debarment from participation in your the Subrecipient’s federally funded Project,
        - (d) Declared ineligible to participate in the Subrecipient’s federally funded Project,
        - (e) Voluntarily excluded from participation in the Subrecipient’s federally funded Project, or
        - (f) Disqualified from participation in the Subrecipient’s federally funded Project, and
  3. The Subrecipient will provide a written explanation as indicated on its Signature Page or a page attached in FTA’s TEAM-Web if it or any of its principals, including any of its first tier or lower tier Third Party Contractors is unable to certify compliance with to the preceding statements in this Certification 01.E.

**F. U.S. OMB Assurances in SF-424B and SF-424D.**

The assurances in Group 01.F are consistent with the U.S. OMB assurances required in the U.S. OMB SF-424B and SF-424D, updated as necessary to reflect changes in Federal laws and regulations.

1. *Administrative Activities.* The Subrecipient assures that:
  - a. For every project described in any application the Subrecipient submits, the Subrecipient has adequate resources to properly plan, manage, and complete its Project, including:
    - (1) The legal authority to apply for Federal funding,
    - (2) The institutional capability,
    - (3) The managerial capability, and
    - (4) The financial capability (including funds sufficient to pay the non-Federal share of Project cost),
  - b. The Subrecipient will give limited access and the right to examine Project-related materials, including, but not limited to:
    - (1) FTA,
    - (2) The Comptroller General of the United States, and
    - (3) The State of California, through any authorized representative,
  - c. The Subrecipient will establish a proper accounting system in accordance with generally accepted accounting standards or FTA guidance, and
  - d. The Subrecipient will establish safeguards to prohibit employees from using their positions for a purpose that results in:
    - (1) A personal or organizational conflict of interest, or personal gain, or
    - (2) The appearance of a personal or organizational conflict of interest or personal gain.
2. *Project Specifics.* The Subrecipient assures that:
  - a. Following receipt of an FTA award, the Subrecipient will begin and complete Project work within the time periods that apply,
  - b. For FTAfunded construction Projects:
    - (1) The Subrecipient will comply with FTA provisions concerning the drafting, review, and approval of construction plans and specifications,
    - (2) The Subrecipient will, to the extent practicable, provide and maintain competent and adequate engineering supervision at the construction site to assure that the completed work conforms with the approved plans and specifications,
    - (3) The Subrecipient will include a covenant to assure nondiscrimination during the useful life of its Project in its title to federally funded real property,
    - (4) To the extent FTA requires, the Subrecipient will record the Federal interest in the title to FTA funded real property or interests in real property, and (5) To the extent practicable, absent permission and instructions from FTA, the Subrecipient will not alter the site of the FTA funded construction Project or facilities by:
      - (a) Disposing of the underlying real property or other interest in the site and facilities,
      - (b) Modifying the use of the underlying real property or other interest in the site and facilities, or
      - (c) Changing the terms of the underlying real property title or other interest in the site and facilities, and
  - c. The Subrecipient will furnish progress reports and other information as FTA or the State of California may require.
3. *Statutory and Regulatory requirements.* The Subrecipient assures that:
  - a. The Subrecipient will comply with all Federal statutes relating to nondiscrimination that apply, including, but not limited to:
    - (1) The prohibitions against discrimination on the basis of race, color, or national origin, as provided in Title VI of the Civil Rights Act, 42 U.S.C. 2000d,
    - (2) The prohibitions against discrimination on the basis of sex, as provided in:
      - (a) Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. 1681 – 1683,

- and 1685 – 1687, and
- (b) U.S. DOT regulations, “Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance,” 49 CFR Part 25,
  - (3) The prohibitions against discrimination on the basis of age in federally funded programs, as provided in the Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 – 6107,
  - (4) The prohibitions against discrimination on the basis of disability in federally funded programs, as provided in section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794,
  - (5) The prohibitions against discrimination on the basis of disability, as provided in the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. 12101 *et seq.*
  - (6) The prohibitions against discrimination in the sale, rental, or financing of housing, as provided in Title VIII of the Civil Rights Act, 42 U.S.C. 3601 *et seq.*,
  - (7) The prohibitions against discrimination on the basis of drug abuse, as provided in the Drug Abuse Office and Treatment Act of 1972, as amended, 21 U.S.C. 1101 *et seq.*,
  - (8) The prohibitions against discrimination on the basis of alcohol abuse, as provided in the Comprehensive Alcohol Abuse and Alcoholism Prevention Act of 1970, as amended, 42 U.S.C. 4541 *et seq.*,
  - (9) The confidentiality requirements for the records of alcohol and drug abuse patients, as provided in the Public Health Service Act, as amended, 42 U.S.C. 290dd – 290dd-2, and
  - (10) The nondiscrimination provisions of any other statute(s) that may apply to its Project,
- b. As provided by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Relocation Act), 42 U.S.C. 4601 *et seq.*, and the MAP-21 amendment to 49 U.S.C. 5323(b), regardless of whether Federal funding has been provided for any of the real property acquired for Project purposes, the Subrecipient will provide for fair and equitable treatment of displaced persons or persons whose property is acquired as a result of federally funded programs, and:
- (1) The Subrecipient has the necessary legal authority under State and local laws and regulations to comply with:
    - (a) The Uniform Relocation Act. 42 U.S.C. 4601 *et seq.*, as specified by 42 U.S.C. 4630 and 4655, and
    - (b) U.S. DOT regulations, “Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs,” 49 CFR Part 24, specifically 49 CFR Part 24.4, and
  - (2) The Subrecipient has complied with or will comply with the Uniform Relocation Act and implementing U.S. DOT regulations, because:
    - (a) The Subrecipient will adequately inform each affected person of the benefits, policies, and procedures provided for in 49 CFR Part 24,
    - (b) As required by 42 U.S.C. 4622, 4623, and 4624, and 49 CFR Part 24, the Subrecipient will provide fair and reasonable relocation payments and assistance for displacement, resulting from any FTA funded Project, of:
      - 1 Families and individuals, and
      - 2 Partnerships, corporations, or associations,
    - (c) As provided by 42 U.S.C. 4625 and 49 CFR Part 24, the Subrecipient will provide relocation assistance programs offering the services described in the U.S. DOT regulations to such displaced:
      - 1 Families and individuals, and
      - 2 Partnerships, corporations, or associations,
    - (d) As required by 42 U.S.C. 4625(c)(3), within a reasonable time before displacement, the Subrecipient will make available comparable replacement dwellings to families and individuals,
    - (e) The Subrecipient will:
      - 1 Carry out the relocation process to provide displaced persons with uniform and

- consistent services, and
- 2 Make available replacement housing in the same range of choices with respect to such housing to all displaced persons regardless of race, color, religion, or national origin,
- (f) The Subrecipient will be guided by the real property acquisition policies of 42 U.S.C. 4651 and 4652 to the greatest extent practicable under State law,
  - (g) The Subrecipient will pay or reimburse property owners for their necessary expenses as specified in 42 U.S.C. 4653 and 4654, understanding that FTA will provide Federal funding for its eligible costs of providing payments for those expenses, as required by 42 U.S.C. 4631,
  - (h) The Subrecipient will execute the necessary implementing amendments to third party contracts and subagreements financed with FTA funding,
  - (i) The Subrecipient will execute, furnish, and be bound by such additional documents as FTA may determine necessary to effectuate or implement these assurances,
  - (j) The Subrecipient will incorporate these assurances by reference into and make them a part of any third party contract or subagreement, or any amendments thereto, relating to any FTA funded Project involving relocation or land acquisition, and
  - (k) The Subrecipient will provide in any affected document that these relocation and land acquisition provisions must supersede any conflicting provisions,
- c. To the extent practicable, the Subrecipient will comply with the Lead-Based Paint Poisoning Prevention Act, specifically 42 U.S.C. 4831(b), which prohibits the use of lead-based paint in the construction or rehabilitation of residence structures,
- d. The Subrecipient will, to the extent practicable, comply with the protections for human subjects involved in research, development, and related activities supported by Federal funding of:
- (1) The National Research Act, as amended, 42 U.S.C. 289 *et seq.*, and
  - (2) U.S. DOT regulations, “Protection of Human Subjects,” 49 CFR Part 11,
- e. The Subrecipient will, to the extent practicable, comply with the labor standards and protections for federally funded Projects of:
- (1) The Davis-Bacon Act, as amended, 40 U.S.C. 3141 – 3144, 3146, and 3147,
  - (2) Sections 1 and 2 of the Copeland “Anti-Kickback” Act, as amended, 18 U.S.C. 874, and 40 U.S.C. 3145, respectively, and
  - (3) The Contract Work Hours and Safety Standards Act, as amended, 40 U.S.C. 3701 *et seq.*,
- f. The Subrecipient will, to the extent practicable, comply with any applicable environmental standards that may be prescribed to implement Federal laws and executive orders, including, but not limited to:
- (1) Following the institution of environmental quality control measures under the National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321 – 4335 and Executive Order No. 11514, as amended, 42 U.S.C. 4321 note,
  - (2) Following the notification of violating facilities provisions of Executive Order No. 11738, 42 U.S.C. 7606 note,
  - (3) Following the protection of wetlands provisions of Executive Order No. 11990, 42 U.S.C. 4321 note,
  - (4) Following the evaluation of flood hazards in floodplains provisions of Executive Order No. 11988, 42 U.S.C. 4321 note,
  - (5) Complying with the assurance of Project consistency with the approved State management program developed pursuant to the Coastal Zone Management Act of 1972, as amended, 16 U.S.C. 1451 – 1465,
  - (6) Complying with the Conformity of Federal Actions to State (Clean Air) Implementation Plans requirements under section 176(c) of the Clean Air Act of 1955, as amended, 42 U.S.C. 7401 – 7671q,
  - (7) Complying with the protections for underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300f – 300j-6,

- (8) Complying with the protections for endangered species under the Endangered Species Act of 1973, as amended, 16 U.S.C. 1531 – 1544,
- (9) Complying with the environmental protections for Federal transportation programs, including, but not limited to, protections for parks, recreation areas, or wildlife or waterfowl refuges of national, State, or local significance or any land from a historic site of national, State, or local significance to be used in a transportation Project as required by 49 U.S.C. 303(b) and 303(c),
- (10) Complying with the protection of the components of the national wild and scenic rivers systems, as required under the Wild and Scenic Rivers Act of 1968, as amended, 16 U.S.C. 1271 – 1287, and
- (11) Complying with and facilitating compliance with:
  - (a) Section 106 of the National Historic Preservation Act of 1966, as amended, 16 U.S.C. 470f,
  - (b) The Archaeological and Historic Preservation Act of 1974, as amended, 16 U.S.C. 469 – 469c, and
  - (c) Executive Order No. 11593 (identification and protection of historic properties), 16 U.S.C. 470 note,
- g. To the extent practicable, complying with the following Federal requirements for the care, handling, and treatment of warm blooded animals held or used for research, teaching, or other activities supported by Federal funding:
  - (1) The Animal Welfare Act, as amended, 7 U.S.C. 2131 *et seq.*, and
  - (2) U.S. Department of Agriculture regulations, “Animal Welfare,” 9 CFR subchapter A, parts 1, 2, 3, and 4,
- h. To the extent practicable, obtaining a certificate of compliance with the seismic design and construction requirements of U.S. DOT regulations, “Seismic Safety,” 49 CFR Part 41, specifically 49 CFR Part 41.117(d), before accepting delivery of any FTA-funded building,
- i. To the extent practicable, complying with, and assuring its Third Party Contractors located in special flood hazard areas comply with, section 102(a) of the Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. 4012a(a), by:
  - (1) Participating in the Federal flood insurance program, and
  - (2) Purchasing flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more,
- j. To the extent practicable, complying with:
  - (1) The Hatch Act, 5 U.S.C. 1501 – 1508, 7324 – 7326, which limits the political activities of State and local agencies and their officers and employees whose primary employment activities are financed in whole or part with Federal funds, including a Federal loan, grant agreement, or cooperative agreement, and
  - (2) 49 U.S.C. 5323(l)(2), as amended by MAP-21, and 23 U.S.C. 142(g), which provide an exception from Hatch Act restrictions for a nonsupervisory employee of a public transportation system (or of any other agency or entity performing related functions) receiving FTA funding made available or authorized for 49 U.S.C. chapter 53 and 23 U.S.C. 142(a)(2) to whom the Hatch Act does not otherwise apply,
- k. Performing the financial and compliance audits as required by the:
  - (1) Single Audit Act Amendments of 1996, 31 U.S.C. 7501 *et seq.*,
  - (2) U.S. OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations,” Revised, and
  - (3) Most recent applicable U.S. OMB A-133 Compliance Supplement provisions for the U.S. DOT, and
- l. To the extent practicable, complying with all the provisions of all other Federal laws or regulations that apply, and follow Federal guidance governing the Subrecipient and its Project, except to the extent that FTA has expressly approved otherwise in writing.

## GROUP 02. LOBBYING.

Unless the Subrecipient is an Indian Tribe exempted from these requirements by 31 U.S.C. 1352, the Subrecipient must select the Certification in Group 02 if the Subrecipient seeks:

- A Federal grant or cooperative agreement exceeding \$100,000, or
- A Federal loan (including a line of credit), loan guarantee, or loan insurance exceeding \$150,000.

The Subrecipient is ultimately responsible for compliance with the Certification and Assurances that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected the Subrecipient.

Except as FTA determines otherwise in writing, FTA may not provide funding for the Subrecipient's Project for which Group 02 applies unless the Subrecipient selects the Certification in Group 02. Any provision of the Certification in Group 02 that does not apply will not be enforced.

The Subrecipient certifies that:

1. As required by 31 U.S.C. 1352 and U.S. DOT regulations, "New Restrictions on Lobbying," specifically 49 CFR Part 20.110:
  - a. The lobbying restrictions of this Certification apply to the Subrecipient's requests:
    - (1) For \$100,000 or more in Federal funding for a grant or cooperative agreement, and
    - (2) For \$150,000 or more in Federal funding for a loan, line of credit, or loan guarantee, and
  - b. The Subrecipient's Certification applies to the lobbying activities of:
    - (1) The Subrecipient,
    - (2) The Subrecipient's Principals, and
    - (3) The Subrecipients's Third Party Contractors at the first tier,
2. To the best of your knowledge and belief:
  - a. No Federal appropriated funds have been or will be paid by or on its behalf to any person to influence or attempt to influence:
    - (1) An officer or employee of any Federal agency regarding the award of a:
      - (a) Federal grant or cooperative agreement, or
      - (b) Federal loan, line of credit, loan guarantee, or loan insurance, and
    - (2) A Member of Congress, an employee of a member of Congress, or an officer or employee of Congress regarding the award of a:
      - (a) Federal grant or cooperative agreement, or
      - (b) Federal loan, line of credit, loan guarantee, or loan insurance,
  - b. The Subrecipient will submit a complete OMB Standard Form-LLL, "Disclosure of Lobbying Activities (Rev. 7-97)," consistent with its instructions, if any funds other than Federal appropriated funds have been or will be paid to any person to influence or attempt to influence:
    - (1) An officer or employee of any Federal agency regarding the award of a:
      - (a) Federal grant or cooperative agreement, or
      - (b) Federal loan, line of credit, loan guarantee, or loan insurance, and
    - (2) A Member of Congress, an employee of a member of Congress, or an officer or employee of Congress regarding the award of a:
      - (a) Federal grant or cooperative agreement, or
      - (b) Federal loan, line of credit, loan guarantee, or loan insurance, and
  - c. The Subrecipient will include the language of this Certification in the award documents for all subawards at all tiers, including, but not limited to:
    - (1) Subcontracts,
    - (2) Subgrants,

- (3) Subagreements, and
- (4) Third party contracts under a:
  - (a) Federal grant or cooperative agreement, or
  - (b) Federal loan, line of credit, loan guarantee, or loan insurance,
- 3. The Subrecipient understands that:
  - a. This Certification is a material representation of fact that the Federal government relies on, and
  - b. The Subrecipient must submit this Certification before the Federal government may award funding for a transaction covered by 31 U.S.C. 1352, including a:
    - (1) Federal grant or cooperative agreement, or
    - (2) Federal loan, line of credit, loan guarantee, or loan insurance, and
- 4. The Subrecipient also understands that any person who does not file a required Certification will be
  - subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

### **GROUP 03. PRIVATE SECTOR PROTECTIONS.**

The Subrecipient must select the Assurance and enter into the Agreements in Group 03 if the Subrecipient intends to acquire public transportation property or operate public transportation supported with FTA capital or operating funds, except as FTA determines otherwise in writing.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, before FTA may provide funding for the Subrecipient's Project that involves the acquisition of public transportation property or operations of public transportation that affect the Subrecipient's acquisitions or operations, the Subrecipient must select the Assurance in Group 03.A and enter into the Agreements in Group 03.B and Group 03.C. Any provision of the Assurance and Agreements in Group 03 that does not apply will not be enforced.

#### **A. Private Sector Property Protections.**

For FTA to make the findings necessary to protect private transportation providers, as required by 49 U.S.C. 5323(a)(1), the Subrecipient must select the Assurances in Group 03.A:

- 1. If the Subrecipient is a:
  - a. Local government, or
  - b. Indian tribal government, and
- 2. If the Subrecipient is applying for or will apply for 49 U.S.C. Chapter 53 funding to:
  - a. Acquire the property of a private transit operator, or
  - b. Operate public transportation in competition with or in addition to a public transportation operator.

To facilitate FTA's ability to make the findings required by 49 U.S.C. 5323(a)(1), the Subrecipient assures that:

- 1. The Subrecipient has or will have:
  - a. Determined that the funding is essential to carrying out a Program of Projects as required by 49 U.S.C. 5303, 5304, and 5306,
  - b. Provided for the participation of private companies engaged in public transportation to the

- maximum extent feasible, and
- c. Paid just compensation under State or local laws to the company for any franchise or property acquired, and
- 2. The Subrecipient has completed the actions described in subsection 1 of this Certification before it:
  - a. Acquires the property or an interest in the property of a private provider of public transportation,
  - or
  - b. Operates public transportation equipment or facilities:
    - (1) In competition with transportation service provided by an existing public transportation operator, or
    - (2) In addition to transportation service provided by an existing public transportation operator.

## **B. Charter Service Agreement.**

The Subrecipient must enter into the Charter Service Agreement in Group 03.B if the Subrecipient applies for funding to acquire or operate transit facilities and equipment, unless the Subrecipient qualifies for an exception under Federal law and regulations.

As required by 49 U.S.C. 5323(d) and (g) and FTA regulations, “Charter Service,” 49 CFR part 604, specifically 49 CFR 604.4, the Subrecipient is entering into the following Charter Service Agreement:

1. General Requirements. FTA’s “Charter Service” regulations apply as follows:
  - a. FTA’s Charter Service regulations restrict transportation by charter service using facilities and equipment acquired by FTA recipients for transportation Projects with Federal funding derived from:
    - (1) Federal transit laws, 49 U.S.C. chapter 53, or
    - (2) 23 U.S.C. 133 or 142,
  - b. FTA’s charter service restrictions extend to:
    - (1) The Subrecipient, when it becomes a recipient of Federal funding authorized for or made available for:
      - (a) Federal transit laws, 49 U.S.C. chapter 53, or
      - (b) 23 U.S.C. 133 or 142,
    - (2) Any Third Party Contractor that receives Federal funding derived from:
      - (a) Federal transit laws, 49 U.S.C. chapter 53, or
      - (b) 23 U.S.C. 133 or 142,
  - c. A Third Party Contractor includes any:
    - (1) Lessee,
    - (2) Subcontractor at any Tier, and
    - (3) Other Third Party Contractor in the Subrecipient’s Project,
  - d. The Subrecipient agrees that neither it nor any governmental authority or publicly-owned operator that receives FTA funding made available or authorized for the Subrecipient’s Project will engage in charter service operations, except as permitted under:
    - (1) Federal transit laws, specifically 49 U.S.C. 5323(d) and (g),
    - (2) FTA regulations, “Charter Service,” 49 CFR part 604, to the extent consistent with 49 U.S.C. 5323(d) and (g),
    - (3) Any other Federal Charter Service regulations, or
    - (4) Federal guidance, except as FTA determines otherwise in writing,
  - e. The Subrecipient agrees that the latest Charter Service Agreement it has selected in its latest annual Certifications and Assurances is incorporated by reference in and made part of the underlying Agreement accompanying an award of FTA funding, and

f. The Subrecipient agrees that:

- (1) FTA may require corrective measures or impose remedies on it or any governmental authority or publicly owned operator that receives FTA funding made available or authorized for its Project that has engaged in a pattern of violations of FTA's Charter Service regulations by:
  - (a) Conducting charter operations prohibited by Federal transit laws and FTA's Charter Service regulations, or
  - (b) Otherwise violating the Subrecipient's Charter Service Agreement it has elected in its latest annual Certifications and Assurances, and
- (2) These corrective measures and remedies may include:
  - (a) Barring the Subrecipient or any Third Party Contractor operating public transportation under the Project that has provided prohibited charter service from receiving FTA funds,
  - (b) Withholding an amount of Federal funds as provided by Appendix D to FTA's Charter Service regulations, or
  - (c) Any other appropriate remedy that may apply, and

2. Exceptions. Apart from exceptions to the charter service restrictions in FTA's Charter Service Regulations, FTA has established the following additional exceptions to those restrictions:

- a. FTA's Charter Service restrictions do not apply to the Subrecipient seeking funding made available or appropriated for 49 U.S.C. 5307 to be used for Job Access and Reverse Commute (JARC) activities that would have been eligible for assistance under repealed 49 U.S.C. 5316 in effect in FY 2012 or a previous fiscal year, provided that the Subrecipient uses that FTA funding for program purposes only,
- b. FTA's Charter Service restrictions do not apply to the Subrecipient seeking funding made available or appropriated for 49 U.S.C. 5310 to be used for New Freedom activities that would have been eligible for assistance under repealed 49 U.S.C. 5317 in effect in FY 2012 or a previous fiscal year, provided the Subrecipient uses that FTA funding for program purposes only, and
- c. A Subrecipient applying for assistance under 49 U.S.C. Chapter 53 will not be determined to have violated the FTA Charter Service regulations if that Subrecipient provides a private intercity or charter transportation operator reasonable access to that Subrecipient's federally funded public transportation facilities, including intermodal facilities, park and ride lots, and bus-only highway lanes as specified in 49 U.S.C. 5323(r), as amended by MAP-21.

### **C. School Bus Agreement.**

The Subrecipient must enter into the School Bus Agreement in Group 03.C if it applies for funding to acquire or operate transit facilities and equipment, unless the Subrecipient qualifies for an exception under Federal law and regulations.

As required by 49 U.S.C. 5323(f) and (g), as amended by MAP-21, and FTA regulations, "School Bus Operations," 49 CFR Part 605, to the extent consistent with 49 U.S.C. 5323(f) and (g), as amended by MAP-21, the Subrecipient is entering into the following School Bus Agreement:

1. FTA's "School Bus Operations" regulations restrict school bus operations (as defined in the FTA regulations) using facilities and equipment acquired with Federal funding derived from:
  - a. Federal transit laws, 49 U.S.C. Chapter 53, or
  - b. 23 U.S.C. 133 or 142,
2. FTA's school bus operations restrictions extend to:
  - a. The Subrecipient, when it becomes a recipient of Federal funding made available or authorized for:
    - (1) Federal transit laws, 49 U.S.C. Chapter 53, or
    - (2) 23 U.S.C. 133 or 142,
  - b. Any Third Party Contractor that receives Federal funding derived from:

- (1) Federal transit laws, 49 U.S.C. Chapter 53, or
  - (2) 23 U.S.C. 133 or 142,
3. A Third Party Contractor includes any:
    - a. Lessee,
    - b. Subcontractor at any tier, and
    - c. Other Third Party Contractor in the Project,
  4. The Subrecipient agrees, and will obtain the agreement of any Third Party Contractor involved in the Subrecipient's Project, that it will not engage in school bus operations in competition with private operators of school buses, except as permitted under:
    - a. Federal transit laws, specifically 49 U.S.C. 5323(f) and (g), as amended by MAP-21,
    - b. FTA regulations, "School Bus Operations," 49 CFR Part 605, to the extent consistent with 49 U.S.C. 5323(f) and (g), as amended by MAP-21,
    - c. Any other Federal School Bus regulations, or
    - d. Federal guidance, except as FTA determines otherwise in writing,
  5. The Subrecipient agrees that the latest School Bus Agreement it has selected in FTA's latest annual Certifications and Assurances is incorporated by reference in and made part of the underlying Agreement accompanying an award of FTA funding, and
  6. The Subrecipient agrees that FTA will bar the Subrecipient or any Third Party Contractor that has violated this School Bus Agreement from receiving Federal transit funding in an amount FTA considers appropriate.

#### **GROUP 04. PROCUREMENT AND PROCUREMENT SYSTEM.**

We request that the Subrecipient select the Procurement and Procurement System Certification, in Group 04, especially if the Subrecipient is a loca, or Indian tribal government with a certified procurement system, as provided in 49 CFR 18.36(g)(3)(ii).

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Any provision of the Certification in Group 04 that does not apply will not be enforced.

The Subrecipient certifies that its procurements and procurement system will comply with all Federal laws and regulations in accordance with applicable Federal guidance, except to the extent FTA has approved otherwise in writing.

#### **GROUP 05. ROLLING STOCK REVIEWS AND BUS TESTING.**

The Subrecipient must select the Certifications in Group 05 if the Subrecipient, using FTA funds, intends to acquire:

- Rolling stock for use in revenue service. or
- A new bus model.

The Certifications in Group 05 are required for such acquisitions listed above regardless of whether the FTA funds used were made available or appropriated for:

- 49 U.S.C. chapter 53, as amended by MAP-21, or

- Former 49 U.S.C. chapter 53 in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, before FTA may provide funding for the Subrecipient's Project to acquire rolling stock or a new bus model, the Subrecipient must select the Certifications in Group 05. Any provision of the Certifications in Group 05 that does not apply will not be enforced.

### **A. Rolling Stock Reviews.**

(Applicable if the Subrecipient seeks FTA funding for rolling stock for use in revenue service.)

The Subrecipient certifies that in procuring revenue service rolling stock for use in revenue service:

1. The Subrecipient will comply with:
  - a. Federal transit laws, specifically 49 U.S.C. 5323(m), and
  - b. FTA regulations, "Pre-Award and Post-Delivery Audits of Rolling Stock Purchases," 49 CFR Part 663, and
2. As provided in 49 CFR Part 663.7:
  - a. The Subrecipient will conduct or cause to be conducted the required pre-award and post-delivery reviews, and
  - b. The Subrecipient will maintain on file the Certifications required by 49 CFR Part 663, subparts B, C, and D.

### **B. Bus Testing.**

(If The Subrecipient seeks FTA funding to acquire a new bus model.)

The Subrecipient certifies that:

1. Because the MAP-21 cross-cutting requirement "Bus Testing" applies to all acquisitions of new buses and new bus models that require bus testing, the Subrecipient will comply with:
  - a. 49 U.S.C. 5318, as amended by MAP-21, and
  - b. FTA regulations, "Bus Testing," 49 CFR Part 665, to the extent these regulations are consistent with 49 U.S.C. 5318, as amended by MAP-21,
2. As required by 49 CFR Part 665.7, when acquiring the first bus of any new bus model or a bus model with a major change in components or configuration:
  - a. The Subrecipient will not spend any Federal funds appropriated under 49 U.S.C. Chapter 53 to acquire that bus until:
    - (1) The bus has been tested at FTA's bus testing facility, and
    - (2) It has received a copy of the test report prepared on that new bus model, and
  - b. The Subrecipient will not authorize final acceptance of the bus until:

- (1) The bus has been tested at FTA’s bus testing facility,
  - (2) It has received a copy of the test report prepared on that new bus model,
3. The Subrecipient will ensure that the bus that is tested has met the performance standards consistent with those regulations, including:
- a. Performance standards for:
    - (1) Maintainability,
    - (2) Reliability,
    - (3) Performance (including braking performance),
    - (4) Structural integrity,
    - (5) Fuel economy,
    - (6) Emissions, and
    - (7) Noise, and
  - b. Minimum safety performance standards established under 49 U.S.C. 5329, as amended by MAP-21, and
4. After FTA has issued regulations authorized by 49 U.S.C. 5318(e)(2), as amended by MAP-21, the Subrecipient will ensure that the bus that is tested has received a passing aggregate test score under the “Pass/Fail” standard established under 49 U.S.C. 5318(e)(2), as amended by MAP-21.

**GROUP 06. DEMAND RESPONSIVE SERVICE.**

The Subrecipient must select the Certification in Group 06 if the Subrecipient is a public entity, operates demand responsive service and intends to use FTA funding to acquire a non-rail vehicle that is not accessible, but financed with FTA funds made available or appropriated for:

- 49 U.S.C. Chapter 53, as amended by MAP-21, or
- Former 49 U.S.C. Chapter 53 in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient’s Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, before FTA may provide funding for your the Subrecipient’s Project to acquire a non-rail transit vehicle that is not accessible, the Subrecipient must select the Certification in Group 06. Any provision of the Certification in Group 06 that does not apply will not be enforced.

As required by U.S. DOT regulations, “Transportation Services for Individuals with Disabilities (ADA),” 49 CFR Part 37, specifically 49 CFR Part 37.77(d), the Subrecipient certifies that:

- 1. The Subrecipient offers public transportation services equivalent in level and quality of service to:
  - a. Individuals with disabilities, including individuals who use wheelchairs, and
  - b. Individuals without disabilities, and
- 2. Viewed in its entirety, the Subrecipient’s service for individuals with disabilities is:
  - a. Provided in the most integrated setting feasible, and
  - b. Equivalent to the service it offers individuals without disabilities with respect to:
    - (1) Response time,
    - (2) Fares,
    - (3) Geographic service area,
    - (4) Hours and days of service,

- (5) Restrictions on priorities based on trip purpose,
- (6) Availability of information and reservation capability, and
- (7) Constraints on capacity or service availability.

#### **GROUP 07. INTELLIGENT TRANSPORTATION SYSTEMS.**

The Subrecipient must select the Assurance in Group 07 if the Subrecipient applies for Federal funding to support:

- An Intelligent Transportation Systems (ITS) Project, or
- A Project in support of an ITS Project.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances that apply to the Subrecipient or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, before FTA may provide funding for the Subrecipient's Project to support an ITS Project or a Project that supports an ITS project, the Subrecipient must select the Assurances in Group 07. Any provision of the Assurance in Group 07 that does not apply will not be enforced.

The Subrecipient assures that:

1. As used in this assurance, the term Intelligent Transportation Systems (ITS) Project is defined to include any Project that in whole or in part finances the acquisition of technologies or systems of technologies that provide or significantly contribute to the provision of one or more ITS user services as defined in the "National ITS Architecture," and
2. As provided in 23 U.S.C. 517(d), any ITS Project the Subrecipient undertakes that is funded with appropriations made available from the Highway Trust Fund, including amounts made available to deploy intelligent transportation systems, will conform to the appropriate regional ITS architecture, applicable standards, and protocols developed under 23 U.S.C. 517(a) or (c), unless the Subrecipient obtains a waiver as provided in 23 U.S.C. 517(d)(2).

#### **GROUP 08. INTEREST AND FINANCING COSTS AND LEASING COSTS.**

The Subrecipient must select the Certifications in Group 08 if the Subrecipient's Project involves interest, financing or leasing costs supported with FTA funds made available or appropriated for:

- 49 U.S.C. Chapter 53, as amended by MAP-21, or
- Former 49 U.S.C. Chapter 53 in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, before FTA may provide funding for the interest, financing or leasing costs that are a part of or connected with the Subrecipient's Project, the Subrecipient must select the Certifications in Group 08. Any provision of the Certifications in Group

08 that does not apply will not be enforced.

### **A. Interest and Financing Costs.**

The Subrecipient must select the Certification in Group 08.A if the Subrecipient intends to reimburse interest or other financing costs for Projects funded by the Urbanized Area Formula Program, Fixed Guideway Capital Investment Program, or the New Starts or Small Starts Program within the Capital Investment Program.

The Subrecipient certifies that:

1. The Subrecipient will not seek reimbursement for interest or other financing costs unless:
  - a. It is eligible to receive Federal funding for those costs, and
  - b. Its records demonstrate that it has shown reasonable diligence in seeking the most favorable financing terms, to the extent FTA may require, and
2. The Subrecipient will comply with the same favorable financing cost provisions for:
  - a. Urbanized Area Formula Projects funded by MAP-21 or previous FTA enabling legislation,
  - b. Projects under Full Funding Grant Agreements funded by MAP-21 or previous FTA enabling legislation,
  - c. Projects with Early Systems Work Agreements funded by MAP-21 or previous FTA enabling legislation,
  - d. Fixed Guideway Capital Investment Projects funded by previous FTA enabling legislation,
  - e. State of Good Repair Projects funded by MAP-21,
  - f. Bus and Bus Facilities Projects funded by MAP-21, and
  - g. Low or No Emission Vehicle Development Projects funded by MAP-21.

### **B. Acquisition of Capital Assets by Lease.**

The Subrecipient must select the Certification in Group 08.B if the Subrecipient intends to use FTA funding to acquire capital assets through a lease.

The Subrecipient certifies and assures that, as required by FTA regulations, “Capital Leases,” 49 CFR Part 639, specifically 49 CFR 639.15(b)(1) and 49 CFR 639.21, if the Subrecipient acquires any capital asset through a lease financed with Federal funding authorized under 49 U.S.C. Chapter 53:

1. The Subrecipient will not use Federal funding authorized under 49 U.S.C. chapter 53 to finance the cost of leasing any capital asset until:
  - a. It performs calculations demonstrating that leasing the capital asset would be more cost-effective than purchasing or constructing a similar asset, and
  - b. It completes these calculations before the later of:
    - (1) Entering into the lease, or
    - (2) Receiving a capital grant for the asset, and
2. The Subrecipient will not enter into a capital lease for which FTA can provide only incremental Federal funding unless the Subrecipient has adequate financial resources to meet its future lease obligations if Federal funding is not available.

### **GROUP 09. TRANSIT ASSET MANAGEMENT AND AGENCY SAFETY PLANS.**

Except as FTA determines otherwise in writing, the Subrecipient must select the Certifications in Group 09 if the Subrecipient seeks FTA funds made available or appropriated for:

- 49 U.S.C. Chapter 53, as amended by MAP-21, or
- Former 49 U.S.C. Chapter 53 in effect in FY 2012 or a previous fiscal year, except as superseded

by MAP-21 cross-cutting requirements that apply instead, including:

- Transit Asset Management Provisions (and Asset Inventory and Condition Reporting), and
- Agency Safety Plans.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, before FTA may provide funding made available or appropriated for 49 U.S.C. Chapter 53, the Subrecipient must select the Certifications in Group 09. Any provision of the Certifications in Group 09 that does not apply will not be enforced.

#### **A. Transit Asset Management Plan.**

The Subrecipient must select the Certification in Group 09.A if the Subrecipient applies, as a direct Recipient, of funding made available or appropriated for 49 U.S.C. Chapter 53, as amended by MAP-21 or for former 49 U.S.C. Chapter 53 in effect in FY 2012 or a previous fiscal year, except as superseded MAP-21 cross-cutting requirement, "Transit Asset Management Provisions (and Asset Inventory and Condition Reporting)" instead.

The Subrecipient certifies that the Subrecipient will comply, and each Third Party Contractor will:

1. Follow Federal guidance issued that implements transit asset management system provisions of 49 U.S.C. 5326, as amended by MAP-21, except as FTA determines otherwise in writing, and
2. Comply with the final Federal regulations that implement the transit asset management system required by 49 U.S.C. 5326, as amended by MAP-21, after those regulations have been issued as required by 49 U.S.C. 5326(e), as amended by MAP-21.

#### **B. Public Transportation Agency Safety Plan.**

The Subrecipient must select the Certification in Group 09.B if the Subrecipient is a local government, or any other operator of a public transportation system and seeks funding made available or appropriated for 49 U.S.C. Chapter 53, as amended by MAP-21, or for former 49 U.S.C. Chapter 53 in effect in FY 2012 or a previous fiscal year, except as superseded by the MAP-21 cross-cutting requirement, "Agency Safety Plans."

The Subrecipient certifies that it will:

1. Follow Federal guidance issued that implements the safety plan provisions of 49 U.S.C. § 5329(a) – (d), as amended by MAP-21, except as FTA determines otherwise in writing, and
2. Comply with the final Federal regulations that implement the safety plan requirements of 49 U.S.C. § 5329(a) – (d), as amended by MAP-21, after within one year after FTA has issued that plan as required by 49 U.S.C. 5329(b), as amended by MAP-21.

#### **GROUP 10. ALCOHOL AND CONTROLLED SUBSTANCES TESTING.**

Except as FTA determines otherwise in writing, the Subrecipient must select the Certification in Group 10 if the Subrecipient is required to comply with the alcohol and controlled substance testing requirements of:

- 49 U.S.C. 5331, as amended by MAP-21, or
- Former 49 U.S.C. 5331 in effect in FY 2012 or a previous fiscal year, except as superseded instead by the MAP-21 cross-cutting requirement, “Alcohol and Controlled Substance Testing.”

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient’s Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, before FTA may provide funding for the Subrecipient’s Project, the Subrecipient must select the Certification in Group 10. Any provision of the Certification that does not apply will not be enforced.

As required by 49 U.S.C. 5331, as amended by MAP-21, and FTA regulations, “Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations,” specifically 49 CFR part 655, subpart I, the Subrecipient certifies that:

1. The Subrecipient has established and implemented:
  - a. An alcohol misuse testing program, and
  - b. A controlled substance testing program,
2. The Subrecipient has complied with or will comply with all applicable requirements of 49 CFR part 655 to the extent those regulations are consistent with 49 U.S.C. 5331, as amended by MAP-21, and
3. Further, should the Subrecipient reside in a State that permits marijuana use for medical or recreational purposes, the Subrecipient has complied or will comply with the Federal controlled substance testing requirements of 49 CFR Part 655.

#### **GROUP 11. BUS AND BUS FACILITIES PROGRAMS.**

The Certifications in Group 11A are in addition to other Certifications and Assurances listed previously that are required for Bus and Bus Facilities Program funding.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected that apply to itself or its Project, even if a Third Party Contractor may be involved in your Subrecipient’s Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, the Subrecipient must select the Certifications in Group 11, if the Subrecipient seeks financing for its:

- Bus and Bus Facilities Formula Grant Program financed with funds made available or appropriated for 49 U.S.C. 5339, as amended by MAP-21, or
- Bus and Bus Related Equipment and Facilities Project financed with funds made available or appropriated for former 49 U.S.C. 5309(b)(3) in effect in FY 2012 or a previous fiscal year.

In administering these programs, MAP-21 cross-cutting requirements supersede inconsistent former requirements.

These two programs have or will have funding available during FY 2013. Accordingly, if the

Subrecipient seeks funding made available or authorized by 49 U.S.C. 5339, as amended by MAP-21, or former 49 U.S.C. 5309 in effect in FY 2012 or a previous fiscal year, the Subrecipient should provide the two subgroups of Certifications in Group 11, to assure that FTA can select the type of funding it considers most suitable.

Before FTA may provide funding made available or appropriated for the Subrecipient's Project, the Subrecipient must have selected the Certifications in Group 11 and other Certifications and Assurances listed previously that are required for the funding the Subrecipient seeks. Any provision of the Certifications in Group 11 that does not apply will not be enforced.

#### **A. Bus and Bus Facilities Formula Grants Program**

The Subrecipient must select the Certification in Group 11.A if the Subrecipient seeks funding for its Bus or Bus Facilities Formula Project financed with funds made available or appropriated for 49 U.S.C. 5339, as amended by MAP-21.

The following Certification for Bus and Bus Facilities Formula Grants Program funding is required by 49 U.S.C. 5339(b), as amended by MAP-21, which states that "The requirements of Section 5307 apply to recipients of grants made under this section." Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:

1. The Subrecipient has or will have the:
  - a. Legal capacity to carry out its proposed Projects,
  - b. Financial capacity to carry out its proposed Projects,
  - c. Technical capacity to carry out its proposed Projects,
  - d. Necessary capacity to carry out the safety aspects of its proposed Projects, and
  - e. Necessary capacity to carry out the security aspects of its proposed Projects,
2. The Subrecipient has or will have satisfactory continuing control over the use of Project equipment and facilities,
3. The Subrecipient will maintain its Project equipment and facilities adequately,
4. The Subrecipient will ensure that when, during non-peak hours for transportation using or involving a facility or equipment of a Project financed under 49 U.S.C.5339, as amended by MAP-21, the following individuals will be charged a fare not exceeding fifty (50) percent of the peak hour fare:
  - a. Any senior,
  - b. Any individual who, because of illness, injury, age, congenital malfunction, or other incapacity or temporary or permanent disability (including an individual who is a wheelchair user or has semi-ambulatory capability), cannot use a public transportation service or a public transportation facility effectively without special facilities, planning, or design,
  - c. Any individual presenting a Medicare card issued to himself or herself pursuant to title II of the Social Security Act (42 U.S.C. 401 *et seq.*), or
  - d. Any individual presenting a Medicare card issued to himself or herself pursuant to title XVIII of the Social Security Act (42 U.S.C. 1395 *et seq.*),
5. When carrying out a procurement under 49 U.S.C. 5339, as amended by MAP-21, the Subrecipient will comply with the:
  - a. General provisions for FTA programs of 49 U.S.C. 5323, as amended by MAP-21, and
  - b. Third party procurement requirements of 49 U.S.C. 5325, as amended by MAP-21,
6. The Subrecipient has complied with or will comply with 49 U.S.C. 5307(b), as amended by MAP-21, because it:
  - a. Has made or will make available to the public information on amounts of its funding available to it under 49 U.S.C. 5339,
  - b. Has developed or will develop, in consultation with interested parties, including private

- c. Has published or will publish a Program of Projects in a way that affected individuals, private transportation providers, and local elected officials will have an opportunity to examine and submit comments on the proposed Program of Projects and its performance as an Applicant or Recipient,
  - d. Has provided or will provide an opportunity for a public hearing to obtain the views of individuals on the proposed Program of Projects,
  - e. Has ensured or will ensure that the proposed Program of Projects provide for coordination of transportation services funded by U.S. DOT under 49 U.S.C. 5336 with federally funded transportation services supported by United States Government sources other than U.S. DOT,
  - f. Has considered or will consider the comments and views received, especially those of private transportation providers, in preparing its final Program of Projects, and
  - g. Has made or will make the final Program of Projects available to the public,
7. As required by 49 U.S.C. 5307(d), as amended by MAP-21, the Subrecipient:
    - a. Has or will have the amount of funds required for the local share,
    - b. Will provide the local share funds from approved non-Federal sources except if otherwise authorized by law, and
    - c. Will provide the local share funds when needed,
  8. The Subrecipient will comply with:
    - a. The Metropolitan Planning requirements of 49 U.S.C. 5303, as amended by MAP-21, and
    - b. The State Planning requirements of 49 U.S.C. 5304, as amended by MAP-21,
  9. The Subrecipient has a locally developed process to solicit and consider public comment before:
    - a. Raising a fare, or
    - b. Implementing a major reduction of public transportation, and
  10. The Subrecipient will comply with requirements for Public Transportation Agency Safety Plan requirements of 49 U.S.C. 5329, as amended by MAP-21.

**B. Bus and Bus Related Equipment and Facilities Grant Program (Discretionary).**

The Subrecipient must select the Certification in Group 11.B if the Subrecipient seeks funding for its Bus or Bus Related Equipment and Facilities Project financed with funds made available or appropriated for former 49 U.S.C. 5309(b)(3) in effect in FY 2012 or a previous fiscal year. In administering these programs, MAP-21 cross-cutting requirements supersede inconsistent former requirements.

Except as FTA determines otherwise in writing, the Subrecipient must select the Certification in Group 11.B if the Subrecipient seeks funding for its discretionary Bus and Bus Related Equipment and Facilities Project. Before FTA may provide funding made available or appropriated for the discretionary Bus and Bus Related Equipment and Facilities Program:

- In FY 2013, the Subrecipient must have selected the Certifications and Assurances required by former 49 U.S.C. 5307(d)(1)(A) – (C) and (H) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead, or
- The Subrecipient must have selected the Certification in Group 11.B.

Any provision of the Certification in Group 11.B that does not apply will not be enforced.

The following Certification for discretionary Bus and Bus Related Equipment and Facilities Grant Program funding is required by former 49 U.S.C. 5309(c)(2), which applies the requirements of former 49 U.S.C. 5307(d)(1)(A), (B), (C), and (H) in effect in FY 2012 or a previous fiscal year to this Program, except as superseded by MAP-21 cross-cutting requirements that apply instead. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:

1. The Subrecipient has or will have the:

- a. Legal capacity to carry out its proposed Projects,
  - b. Financial capacity to carry out its proposed Projects,
  - c. Technical capacity to carry out its proposed Projects,
  - d. Necessary capacity to carry out the safety aspects of its proposed Projects, and
  - e. Necessary capacity to carry out the security aspects of its proposed Projects,
2. The Subrecipient has or will have satisfactory continuing control over the use of Project equipment and facilities,
  3. The Subrecipient will maintain its Project equipment and facilities adequately, and
  4. The Subrecipient has complied or will comply with, and will require each Third Party Contractor to comply with, 49 U.S.C. 5301, 5303, and 5304, as amended by MAP-21.

**GROUP 12. URBANIZED AREA FORMULA GRANT PROGRAMS AND JOB ACCESS AND REVERSE COMMUTE (JARC) FORMULA GRANT PROGRAM.**

The Certifications in Group 12 are in addition to other Certifications and Assurances listed previously that are required for the Urbanized Area Formula Grants Programs or Job Access and Reverse Commute (JARC) Formula Grant Program funding.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, the Subrecipient must select the Certifications in Group 12, if the Subrecipient seeks financing for its:

- Urbanized Area Formula Project financed with funds made available or appropriated for 49 U.S.C. 5307, as amended by MAP-21, which among other things, authorizes funding for JARC Projects and Project Activities,
- Urbanized Area Formula Project financed with funds made available or appropriated for former 49 U.S.C. 5307 in effect in FY 2012 or a previous fiscal year, or
- Job Access and Reverse Commute Project financed with funds made available or appropriated for former 49 U.S.C. 5316 in effect in FY 2012 or a previous fiscal year.

In administering these programs, MAP-21 cross-cutting requirements supersede inconsistent former requirements.

These three programs have or will have funding available during FY 2013. Accordingly, if the Subrecipient seeks funding made available or authorized by 49 U.S.C. 5307 or former 49 U.S.C. 5316, the Subrecipient should provide the three subgroups of Certifications in Group 12, to assure that FTA can select the type of funding it considers most suitable.

Before FTA may provide funding made available or appropriated for any of these Projects, the Subrecipient must have selected the Certifications in Group 12 and other Certifications and Assurances listed previously that are required for the funding the Subrecipient seeks. Any provision of the Certifications in Group 12 that does not apply will not be enforced.

**A. Urbanized Area Formula Program under MAP-21.**

The Subrecipient must select the Certification in Group 12.A if the Subrecipient seeks funding for its Urbanized Area Formula Project financed with funds made available or appropriated for 49 U.S.C. 5307, as amended by MAP-21.

The following Certification for the Urbanized Area Formula Program funding made available or appropriated for MAP-21 is required by 49 U.S.C. 5307(c)(1), as amended by MAP-21. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:

1. The Subrecipient has or will have the:
  - a. Legal capacity to carry out its proposed Projects,
  - b. Financial capacity to carry out its proposed Projects,
  - c. Technical capacity to carry out its proposed Projects,
  - d. Necessary capacity to carry out the safety aspects of its proposed Projects, and
  - e. Necessary capacity to carry out the security aspects of its proposed Projects,
2. The Subrecipient has or will have satisfactory continuing control over the use of Project equipment and facilities,
3. The Subrecipient will maintain its Project equipment and facilities adequately,
4. The Subrecipient will ensure that when, during non-peak hours for transportation using or involving a facility or equipment of a Project financed under 49 U.S.C. 5307, as amended by MAP-21, the following individuals will be charged a fare not exceeding fifty (50) percent of the peak hour fare:
  - a. Any senior,
  - b. Any individual who, because of illness, injury, age, congenital malfunction, or other incapacity or temporary or permanent disability (including an individual who is a wheelchair user or has semi-ambulatory capability), cannot use a public transportation service or a public transportation facility effectively without special facilities, planning, or design,
  - c. Any individual presenting a Medicare card issued to himself or herself pursuant to Title II of the Social Security Act (42 U.S.C. 401 *et seq.*), or
  - d. Any individual presenting a Medicare card issued to himself or herself pursuant to Title XVIII of the Social Security Act (42 U.S.C. 1395 *et seq.*),
5. When carrying out a procurement under 49 U.S.C. 5307, as amended by MAP-21, your Applicant will comply with the:
  - a. General provisions for FTA programs of 49 U.S.C. 5323, and
  - b. Third party procurement requirements of 49 U.S.C. 5325,
6. The Subrecipient has complied with or will comply with 49 U.S.C. 5307(b), as amended by MAP-21, because it:
  - a. Has made or will make available to the public information on amounts of its funding available to it under 49 U.S.C. 5307,
  - b. Has developed or will develop, in consultation with interested parties, including private transportation providers, a proposed Program of Projects for activities to be funded,
  - c. Has published or will publish a Program of Projects in a way that affected individuals, private transportation providers, and local elected officials will have an opportunity to examine and submit comments on the proposed Program of Projects and its performance as a Subrecipient,
  - d. Has provided or will provide an opportunity for a public hearing to obtain the views of individuals on the proposed Program of Projects,
  - e. Has ensured or will ensure that the proposed Program of Projects provide for coordination of transportation services funded by U.S. DOT under 49 U.S.C. 5336 with federally-funded transportation services supported by United States Government sources other than U.S. DOT,
  - f. Has considered or will consider the comments and views received, especially those of private

- transportation providers, in preparing its final Program of Projects, and
- g. Has made or will make the final Program of Projects available to the public,
  7. As required by 49 U.S.C. 5307(d), as amended by MAP-21, the Subrecipient:
    - a. Has or will have the amount of funds required for the local share,
    - b. Will provide the local share funds from approved non-Federal sources except if otherwise authorized by law, and
    - c. Will provide the local share funds when needed,
  8. As required by 49 U.S.C. 5307(c)(1)(H) and 49 U.S.C. 5309(c)(2), as amended by MAP-21, the Subrecipient will comply with:
    - a. The Metropolitan Planning requirements of 49 U.S.C. 5303, as amended by MAP-21, and
    - b. The State Planning requirements of 49 U.S.C. 5304, as amended by MAP-21,
  9. As required by 49 U.S.C. 5307(c)(1)(I), as amended by MAP-21, the Subrecipient has a locally-developed process to solicit and consider public comment before:
    - a. Raising a fare, or
    - b. Implementing a major reduction of public transportation,
  10. Each fiscal year:
    - a. The Subrecipient will ensure that at least one (1) percent of the amount of the 49 U.S.C. 5307 funding apportioned to the urbanized area is spent for public transportation security Projects as described in 49 U.S.C. 5307(c)(1)(J)(i) including:
      - (1) Increased lighting in or adjacent to a public transportation system (including bus stops, subway stations, parking lots, and garages),
      - (2) Increased camera surveillance of an area in or adjacent to that system,
      - (3) Emergency telephone line or lines to contact law enforcement or security personnel in an area in or adjacent to that system, and
      - (4) Any other Project intended to increase the security and safety of an existing or planned public transportation, or
    - b. The Designated Recipients in the Subrecipient's urbanized area will certify that such expenditures for transportation security Projects are not necessary,
  11. If the Subrecipient serves an urbanized area with a population of at least 200,000 individuals, as determined by the Bureau of the Census:
    - a. Each fiscal year, the Subrecipient will ensure that at least one (1) percent of the amount apportioned to the urbanized area is spent for Associated Transit Improvements, as defined in 49 U.S.C. 5302(1), as amended by MAP-21,
    - b. The Subrecipient will include in its quarterly report for the fourth quarter of the preceding Federal fiscal year:
      - (1) A list of its Associated Transit Improvement Projects or Project activities during that Federal fiscal year using those 49 U.S.C. 5307 funds, or
      - (2) Sufficient information to demonstrate that the Designated Recipients in its area have spent one (1) percent of the amount of funding that must be made available to them for Associated Transit Improvement Projects or Project activities, or have included the same information in a separate report attached in TEAM-Web, and
    - c. The report of the Subrecipient's Associated Transit Improvement Projects or Project activities is or will be incorporated by reference and made part of its Certifications and Assurances, and
  12. The Subrecipient will comply with its Public Transportation Agency Safety Plan as required by 49 U.S.C. 5329, as amended by MAP-21.

**B. Urbanized Area Formula Program Before MAP-21 Became Effective.**

The Subrecipient must select the Certification in Group 12.B if the Subrecipient seeks funding for its Urbanized Area Formula Project financed with funds made available or appropriated for former 49 U.S.C. 5307 in effect in FY 2012 or a previous fiscal year. In administering this program, MAP-21 cross-cutting requirements supersede inconsistent former requirements.

The following Certification for the Urbanized Area Formula Grants Program are required by former 49 U.S.C. 5307(d)(1) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:

1. The Subrecipient has or will have the:
  - a. Legal capacity to carry out its proposed Projects,
  - b. Financial capacity to carry out its proposed Projects,
  - c. Technical capacity to carry out its proposed Projects,
  - d. Necessary capacity to carry out the safety aspects of its proposed Projects, and
  - e. Necessary capacity to carry out the security aspects of its proposed Projects,
2. The Subrecipient has or will have satisfactory continuing control over the use of Project equipment and facilities,
3. The Subrecipient will maintain its Project equipment and facilities adequately,
4. The Subrecipient will ensure that for transportation using or involving a facility or equipment of a Project financed under former 49 U.S.C. 5307 in effect in FY 2012 or a previous fiscal year, the following individuals will be charged a fare not exceeding fifty (50) percent of the peak hour fare:
  - a. Any elderly individual,
  - b. Any handicapped individual, as described in 49 CFR part 27,
  - c. Any individual presenting a Medicare card issued to himself or herself pursuant to Title II of the Social Security Act (42 U.S.C. 401 *et seq.*), or
  - d. Any individual presenting a Medicare card issued to himself or herself pursuant to Title XVIII of the Social Security Act (42 U.S.C. 1395 *et seq.*),
5. When carrying out a procurement under former 49 U.S.C. 5307 in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross cutting requirements that apply instead:
  - a. The Subrecipient will use competitive procurement (as defined or approved by FTA), as required by 49 U.S.C. 5325(a),
  - b. The Subrecipient will not use exclusionary or discriminatory specifications in its procurements, as required by 49 U.S.C. 5323(h),
  - c. As provided by the MAP-21 cross-cutting requirement, "Buy America," the Subrecipient will comply with 49 U.S.C. 5323(j), as amended by MAP-21,
  - d. The Subrecipient will comply with applicable pre-award and post-delivery requirements of 49 U.S.C. 5323(m),
  - e. As provided by MAP-21 cross-cutting requirements, the Subrecipient will comply with applicable railcar option restrictions of 49 U.S.C. 5325(e), as amended by MAP-21, and
  - f. As required by the MAP cross-cutting requirement, "Veterans Preference/Employment," the Subrecipient will comply with 49 U.S.C. 5325(k), as amended by MAP-21,
6. The Subrecipient has complied or will comply with, and will require each Third Party Contractor to comply with, former 49 U.S.C. 5307(b) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 requirements that apply instead:
  - a. For a capital project that will substantially affect a community or the public transportation service of a community, the Subrecipient:
    - (1) Has provided an adequate opportunity for public review and comment on its Project,

- (2) After providing notice, has held a public hearing on the project if the project affects significant economic, social, or environmental interests,
- (3) Has considered the economic, social, and environmental effects of the project, and
- (4) Has found that the project is consistent with official plans for developing the community,
- b. The notice of a hearing the Subrecipient published:
  - (1) Included a concise description of the proposed project, and
  - (2) Was published in a newspaper of general circulation in the geographic area the project will serve, and
- c. The Subrecipient's application for a capital grant that will substantially affect a community, or the public transportation service of a community under former 49 U.S.C. Chapter 53 in effect in FY 2012 or a previous fiscal year for a capital project described in paragraph (1) will include the following:
  - (1) A Certification that the Subrecipient has complied with the requirements of 49 U.S.C. 5323(b)(1)(C), and
  - (2) In the environmental record for the project, evidence that the Subrecipient has complied with the requirements of 49 U.S.C. 5323(b)(1)(C).
- 7. The Subrecipient:
  - a. Has or will have the amount of funds required for the local share by former 49 U.S.C. 5307(e) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross cutting requirements that apply instead,
  - b. Will provide the local share funds from approved non-Federal sources except as permitted by former 49 U.S.C. 5307(e) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead, and
  - c. Will provide the local share funds when needed,
- 8. The Subrecipient has complied or will comply with, and will require each Third Party Contractor to comply with, 49 U.S.C. 5301, 5303, and 5304, as amended by MAP-21,
- 9. The Subrecipient has a locally developed process to solicit and consider public comment before:
  - a. Raising a fare, or
  - b. Implementing a major reduction of public transportation,
- 10. Each fiscal year:
  - a. The Subrecipient will spend at least one (1) percent of its 49 U.S.C. 5307 funding for public transportation security Projects (limited to capital Projects if the Subrecipient serves an urbanized area with a population of 200,000 or more), including:
    - (1) Increased lighting in or adjacent to a public transportation system (including bus stops, subway stations, parking lots, and garages),
    - (2) Increased camera surveillance of an area in or adjacent to that system,
    - (3) Emergency telephone line or lines to contact law enforcement or security personnel in an area in or adjacent to that system, and
    - (4) Any other Project intended to increase the security and safety of an existing or planned public transportation, or
  - b. The Subrecipient will certify that such expenditures for transportation security Projects are not necessary, (Information about the Subrecipient's intentions must be recorded in the "Security" tab page of the TEAM-Web "Project Information" window when it submits its Urbanized Area Formula Program application in TEAM-Web),
- 11. If the Subrecipient serves an urbanized area with a population of at least 200,000 individuals:
  - a. Each fiscal year, the Subrecipient will ensure that at least one (1) percent of the amount

apportioned to the urbanized area is spent for Transit Enhancements, as defined in former 49 U.S.C. 5302(a)(15),

- b. The Subrecipient will include in its quarterly report for the fourth quarter of the preceding Federal fiscal year
    - (1) A list of its Transit Enhancement Project activities during that Federal fiscal year using those former 49 U.S.C. 5307 funds, or
    - (2) Sufficient information to demonstrate that Designated Recipients in the Subrecipient's urbanized area together have spent one (1) percent of the amount of funding that must be made available to them for Transit Enhancements or have included the same information in a separate report attached in TEAM-Web, and
  - c. The report of the Subrecipient or the Designated Subrecipients' Transit Enhancement Projects or Project activities is or will be incorporated by reference and made part of its Certifications and Assurances, and
12. As required by the MAP-21 cross-cutting requirement, "Agency Safety Plans," the Subrecipient will comply with its Public Transportation Agency Safety Plan, as required by 49 U.S.C. 5329, as amended by MAP-21.

### **C. Job Access and Reverse Commute (JARC) Formula Grant Program.**

The Subrecipient must select the Certification in Group 12.C if the Subrecipient seeks funding for its JARC Project financed with funds made available or appropriated for former 49 U.S.C. 5316 in effect in FY 2012 or a previous fiscal year. In administering program, MAP-21 cross-cutting requirements supersede inconsistent former requirements.

1. The following Certification for the Urbanized Area Formula Grants Program is required by former 49 U.S.C. 5316 in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:
  - a. The Subrecipient will make awards of JARC funding on a competitive basis following:
    - (1) An areawide solicitation in cooperation with the appropriate metropolitan planning organization for applications for funding in compliance with former 49 U.S.C. 5316, and
    - (2) A statewide solicitation for applications for JARC funding in compliance with former 49 U.S.C. 5316,
  - b. Any allocations to Third Party Contractors of JARC funding authorized by former 49 U.S.C. 5316 will be distributed on a fair and equitable basis,
  - c. As required by former 49 U.S.C. 5316:
    - (1) The projects the Subrecipient has selected or will select for funding made available or appropriated for that program were derived from a public transit-human services transportation plan that has been:
      - (a) Locally developed, and
      - (b) Coordinated,
    - (2) That locally developed, coordinated plan was produced through a process that included:
      - (a) Representatives of public, private, and nonprofit transportation providers,
      - (b) Representatives of public, private, and nonprofit human services providers, and
      - (c) Participation by the public,
  - d. Before the Subrecipient transfers funds to a project funded by former 49 U.S.C. 5336, that project has been or will have been coordinated with private nonprofit providers of services,
  - e. Before using funds apportioned for projects serving an area other than that for which funding

was

apportioned under former 49 U.S.C. 5316:

- (1) The State's chief executive officer, or his or her designee, will have certified that all the JARC program objectives of former 49 U.S.C. 5316 are being met in the area from which the funding would be derived, and
  - (2) If the State has a statewide program for meeting the JARC program objectives of former 49 U.S.C. 5316, the funds can be used for projects anywhere in the State, and
- f. The requirements of former 49 U.S.C. 5307 will apply to the JARC Program, authorized by former 49 U.S.C. 5316, and
2. The following Certifications for the JARC Program are required by former 49 U.S.C. 5307(d)(1) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:
- a. The Subrecipient has or will have, and will require each Third Party Contractor to have:
    - (1) The legal capacity to carry out its proposed Projects,
    - (2) The financial capacity to carry out its proposed Projects,
    - (3) The technical capacity to carry out its proposed Projects,
    - (4) The necessary capacity to carry out the safety aspects of its proposed Projects, and
    - (5) The necessary capacity to carry out the security aspects of its proposed Projects,
  - b. The Subrecipient has or will have, and will require each Third Party Contractor to have satisfactory continuing control over the use of Project equipment and facilities,
  - c. The Subrecipient will maintain, and will require each Third Party Contractor to maintain, its Project equipment and facilities adequately,
  - d. The Subrecipient will ensure, and will require each Third Party Contractor to ensure, that for transportation using or involving a facility or equipment of a Project financed under former 49 U.S.C. 5307 in effect in FY 2012 or a previous fiscal year, the following individuals will be charged a fare not exceeding fifty (50) percent of the peak hour fare:
    - (1) Any elderly individual,
    - (2) Any handicapped individual, as described in 49 CFR Part 27,
    - (3) Any individual presenting a Medicare card issued to himself or herself pursuant to Title II of the Social Security Act (42 U.S.C. 401 *et seq.*), or
    - (4) Any individual presenting a Medicare card issued to himself or herself pursuant to Title XVIII of the Social Security Act (42 U.S.C. 1395 *et seq.*),
  - e. When carrying out a procurement under former 49 U.S.C. 5307 in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross cutting requirements that apply instead, the Subrecipient will, and will require each Third Party Contractor to:
    - (1) Use competitive procurement (as defined or approved by FTA), as required by 49 U.S.C. 5325(a), and
    - (2) Not use exclusionary or discriminatory specifications in its procurements, as required by 49 U.S.C. 5323(h),
  - f. The Subrecipient has complied or will comply with, and will require each Third Party Contractor to comply with, former 49 U.S.C. 5307(c) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 requirements that apply instead:
    - (1) For a capital project that will substantially affect a community or the public transportation service of a community, the Subrecipient:
      - (a) Has provided an adequate opportunity for public review and comment on its Project,
      - (b) After providing notice, has held a public hearing on the project if the project affects significant economic, social, or environmental interests,
      - (c) Has considered the economic, social, and environmental effects of the project, and
      - (d) Has found that the project is consistent with official plans for developing the community,
    - (2) The notice of a hearing the Subrecipient published:

- (a) Included a concise description of the proposed project, and
- (b) Was published in a newspaper of general circulation in the geographic area the project will serve, and
- (3) The Subrecipient's application for a capital grant that will substantially affect a community, or the public transportation service of a community under former 49 U.S.C. Chapter 53 in effect in FY 2012 or a previous fiscal year for a capital project described in paragraph (1) will include the following:
  - (a) A Certification that the Subrecipient has complied with the requirements of 49 U.S.C. 5323(b)(1)(C), as amended by MAP-21, and
  - (b) In the environmental record for the project, evidence that the Subrecipient has complied with the requirements of 49 U.S.C. 5323(b)(1)(C).
- g. The Subrecipient:
  - (1) Has or will have and, as necessary, will require each Third Party Contractor to have the amount of funds required for the local share by former 49 U.S.C. 5307(e) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross cutting requirements that apply instead,
  - (2) Will provide and, as necessary, will require each Third Party Contractor to provide, the local share funds from approved non-Federal sources except as permitted by former 49 U.S.C. 5307(e) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead, and
  - (3) Will provide and, as necessary, will provide the local share funds when needed,
- h. The Subrecipient has complied or will comply with, and will require each Third Party Contractor to comply with, 49 U.S.C. 5301, 5303, and 5304, as amended by MAP-21,
- i. The Subrecipient has or will have, and will require each Third Party Contractor to have a locally developed process to solicit and consider public comment before:
  - (1) Raising a fare, or
  - (2) Implementing a major reduction of public transportation, and
- j. To the extent applicable, as required by the MAP-21 cross-cutting requirement, "Agency Safety Plans," the Subrecipient will comply with and, as necessary, will require each Third Party Contractor to comply with its Public Transportation Agency Safety Plan, as required by 49 U.S.C. 5329, as amended by MAP-21.

**GROUP 13. SENIORS/ELDERLY/INDIVIDUALS WITH DISABILITIES  
AND NEW FREEDOM PROGRAMS.**

The Certifications in Group 13 are in addition to other Certifications and Assurances listed previously that are required for Seniors/Elderly/Individuals with Disabilities or New Freedom Program funding.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of the applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, the Subrecipient must select the Certifications in Group 13 if the Subrecipient seeks financing for its:

- Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities Project, financed or to be financed with funds made available or appropriated for 49 U.S.C. 5310, as amended by MAP-21, which among other things authorizes funding for New Freedom Projects and Project Activities,

- Formula Grants for the Special Needs of Elderly Individuals and Individuals with Disabilities Project financed or to be financed with funds made available or appropriated for former 49 U.S.C. 5310 in effect in FY 2012 or a previous fiscal year, or
- New Freedom Project financed or to be financed with funds made available or appropriated for former 49 U.S.C. 5317 in effect in FY 2012 or a previous fiscal year.

In administering these programs, MAP-21 cross-cutting requirements supersede inconsistent former requirements.

These three programs have or will have funding available during FY 2013. Accordingly, if the Subrecipient seeks funding made available or authorized by 49 U.S.C. 5310 or former 49 U.S.C. 5317 in effect in FY 2012 or a previous fiscal year, the Subrecipient should provide the three subgroups of Certifications in Group 13 to assure that FTA can select the type of funding it considers most suitable. Before FTA may provide funding made available or appropriated for any of these Projects, the Subrecipient must have selected the Certifications in Group 13 and other Certifications and Assurances listed previously that are required for the funding the Subrecipient seeks. Any provision of the Certifications in Group 13 that does not apply will not be enforced.

**A. Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities Program.**

The Subrecipient must select the Certification in Group 13.A if the Subrecipient seeks funding for its Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities Project financed with funds made available or appropriated for 49 U.S.C. 5310, as amended by MAP-21.

1. The following Certification for the Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities Program is required by 49 U.S.C. 5310, as amended by MAP-21. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:
  - a. Each of the Subrecipient's Third Party Contractors is:
    - (1) A private nonprofit organization, or
    - (2) A local governmental authority that:
      - (a) Is approved by the State of California to coordinate services for seniors and individuals with disabilities; or
      - (b) Certifies that there are no private nonprofit organizations readily available in the area to provide services authorized under the Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities Program,
  - b. The Subrecipient will comply with the following Project selection and planning requirements:
    - (1) The Projects the Subrecipient has selected or will select for funding made available or appropriated for 49 U.S.C. 5310, as amended by MAP-21, are included in a public transit-human services transportation plan that has been:
      - (a) Locally developed, and
      - (b) Coordinated,
    - (2) That public transit-human services transportation plan was developed and approved through a process that included participation by:
      - (a) Seniors,
      - (b) Individuals with disabilities,
      - (c) Representatives of public, private, and nonprofit transportation providers,
      - (d) Representatives of public, private, and nonprofit human services providers, and
      - (e) Other members of the public; and
    - (3) To the maximum extent feasible, the services funded by 49 U.S.C. 5310, as amended by MAP-21, will be coordinated with transportation services funded by other Federal departments and agencies, including any transportation activities carried out by a recipient

- of a grant from the Department of Health and Human Services,
- c. As required by 49 U.S.C. 5310(e)(2)(B), as amended by MAP-21, the Subrecipient certifies that if it allocates funds received under 49 U.S.C. 5310, as amended by MAP-21, to Third Party Contractors, it will have allocated those funds on a fair and equitable basis,
  - d. The Subrecipient will transfer a facility or equipment financed with funding made available or appropriated for a grant under 49 U.S.C. 5310, as amended by MAP-21, to any other subrecipient eligible to receive assistance under 49 U.S.C. chapter 53, as amended by MAP-21, only if:
    - (1) The subrecipient in possession of the facility or equipment consents to the transfer, and
    - (2) The facility or equipment will continue to be used as required under 49 U.S.C. 5310, as amended by MAP-21, and
  - e. The requirements of 49 U.S.C. 5307, as amended by MAP-21, as determined by FTA, will apply to the Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities, authorized by 49 U.S.C. 5310, as amended by MAP-21, and
2. FTA has determined certain requirements of 49 U.S.C. 5307, as amended by MAP-21, to be appropriate for which some require Certifications. Therefore, as specified under 49 U.S.C. 5307(c)(1), as amended by MAP-21, the Subrecipient certifies that:
- a. The Subrecipient has or will have, and will require each Third Party Contractor to have, the:
    - (1) Legal capacity to carry out its proposed Projects,
    - (2) Financial capacity to carry out its proposed Projects,
    - (3) Technical capacity to carry out its proposed Projects,
    - (4) Necessary capacity to carry out the safety aspects of its proposed Projects, and
    - (5) Necessary capacity to carry out the security aspects of its proposed Projects,
  - b. The Subrecipient has or will have, and will require each Third Party Contractor to have, satisfactory continuing control over the use of Project equipment and facilities,
  - c. The Subrecipient will maintain, and will require each Third Party Contractor to maintain its Project equipment and facilities adequately,
  - d. When carrying out a procurement under the Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities Program, the Subrecipient will, and will require each Third Party Contractor to:
    - (1) Comply with the general provisions for FTA programs of 49 U.S.C. 5323, as amended by MAP-21, and
    - (2) Comply with the third party procurement requirements of 49 U.S.C. 5325, as amended by MAP-21,
  - e. The Subrecipient:
    - (1) Has or will have and, as necessary, will require each Third Party Contractor to have the amount of funds required for the local share by 49 U.S.C. 5307(d), as amended by MAP-21,
    - (2) Will provide and, as necessary, will require each Third Party Contractor to provide the local share funds from approved non-Federal sources, except as permitted by 49 U.S.C. 5307(d), as amended by MAP-21, and
    - (3) Will provide and, as necessary, will require each Third Party Contractor to provide the local share funds when needed,
  - f. The Subrecipient has complied or will comply with, and will require each Third Party Contractor to comply with:
    - (1) The Metropolitan Planning requirements of 49 U.S.C. 5303, as amended by MAP-21, and
    - (2) The State Planning requirements of 49 U.S.C. 5304, as amended by MAP-21, and
  - g. To the extent applicable, your the Subrecipient will comply with, and require its Third Party Contractors to comply with the requirements for a Public Transportation Agency Safety Plan provided by 49 U.S.C. 5329(d), as amended by MAP-21, to the extent FTA so requires.

## **B. Formula Grants for the Special Needs of Elderly Individuals and Individuals with**

## **Disabilities Program.**

The Subrecipient must select the Certification in Group 13.B if the Subrecipient seeks funding for its Formula Grants for the Special Needs of Elderly Individuals and Individuals with Disabilities Project financed with funds made available or appropriated for former 49 U.S.C. 5310 in effect in FY 2012 or a previous fiscal year. In administering this program, MAP-21 cross-cutting requirements supersede inconsistent former requirements.

1. The following Certification for the Formula Grants for the Special Needs of Elderly Individuals and Individuals with Disabilities Program are required by former 49 U.S.C. 5310 in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:
  - a. Each of the Subrecipient's Third Party Contractors is:
    - (1) A private nonprofit organization, if the public transportation service that would undertake public transportation capital projects planned, designed, and carried out to meet the special needs of elderly individuals and individuals with disabilities is:
      - (a) Unavailable,
      - (b) Insufficient, or
      - (c) Inappropriate,
    - (2) A local governmental authority that:
      - (a) Is approved by a State to coordinate services for seniors and individuals with disabilities, or
      - (b) Certifies that:
        - 1 There are no nonprofit organizations readily available in the area to provide public transportation capital projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities, and
        - 2 When public transportation is:
          - a Insufficient,
          - b Inappropriate, or
          - c Unavailable,
  - b. The Projects the Subrecipient has selected or will select for funding made available or appropriated for former 49 U.S.C. 5310 are included in a public transit-human services transportation plan that has been:
    - (1) Locally developed, and
    - (2) Coordinated,
  - c. That public transit-human services transportation plan was developed and approved through a process that included participation by:
    - (1) Elderly Individuals,
    - (2) Individuals with disabilities,
    - (3) Representatives of public, private, and nonprofit transportation providers,
    - (4) Representatives of human services providers, and
    - (5) Other members of the public,
  - d. To the maximum extent feasible, the services funded will be coordinated with transportation services funded by other Federal departments and agencies, including any transportation activities carried out by a recipient of a grant from the Department of Health and Human Services,
  - e. If the Subrecipient allocates funds received under former 49 U.S.C. 5310 to Third Party Contractors, the Subrecipient will have allocated those funds on a fair and equitable basis,
  - f. The Program of Projects the Subrecipient has submitted or will submit contains or will contain an assurance that the Program provides for the maximum feasible coordination of transportation services funded by former 49 U.S.C. 5310 with transportation services funded by

- other Government sources, and
- g. The Subrecipient will comply with the requirements of former 49 U.S.C. 5307 that FTA determined will apply to the former Formula Grants for the Special Needs of Elderly Individuals and Individuals with Disabilities Program,
2. The following Certification for the Special Needs of Elderly Individuals and Individuals with Disabilities Program is required by former 49 U.S.C. 5307(d)(1) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:
    - a. The Subrecipient and each of its Third Party Contractors has or will have the:
      - (1) Legal capacity to carry out its proposed Projects,
      - (2) Financial capacity to carry out its proposed Projects,
      - (3) Technical capacity to carry out its proposed Projects,
      - (4) Necessary capacity to carry out the safety aspects of its proposed Projects, and
      - (5) Necessary capacity to carry out the security aspects of its proposed Projects,
    - b. The Subrecipient and each Third Party Contractor has or will have satisfactory continuing control over the use of Project equipment and facilities,
    - c. The Subrecipient and each of its Third Party Contractors will maintain its Project equipment and facilities adequately,
    - d. When carrying out a procurement under former 49 U.S.C. 5307 in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross cutting requirements that apply instead, the Subrecipient will, and will require each Third Party Contractor, to do the following:
      - (1) Use competitive procurement (as defined or approved by FTA), as required by 49 U.S.C. 5325(a),
      - (2) Not use exclusionary or discriminatory specifications in its procurements, as required by 49 U.S.C. 5323(h),
      - (3) As provided by the MAP-21 cross-cutting requirement, "Buy America," comply with 49 U.S.C. 5323(j), as amended by MAP-21,
      - (4) Comply with applicable pre-award and post-delivery requirements of 49 U.S.C. 5323(m),
      - (5) As provided by MAP-21 cross cutting requirement, "Rail Car Procurement," comply with the railcar option restrictions of 49 U.S.C. 5325(e), as amended by MAP-21, and
      - (6) As required by the MAP-21 cross-cutting requirement, "Veterans Preference/Employment," comply with 49 U.S.C. 5325(k), as amended by MAP-21,
    - e. The Subrecipient:
      - (1) Has or will have and, as necessary, will require each Third Party Contractor to have the amount of funds required for the local share by former 49 U.S.C. 5307(e) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross cutting requirements that apply instead,
      - (2) Will provide and, as necessary, will require each Third Party Contractor to provide the local share funds from approved non-Federal sources except as permitted by former 49 U.S.C. 5307(e) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead, and
      - (3) Will provide and, as necessary, will require each Third Party Contractor to provide the local share funds when needed,
    - f. The Subrecipient has complied or will comply with, and will require each Third Party Contractor to comply with, 49 U.S.C. 5301, 5303, and 5304, as amended by MAP-21, and
    - g. To the extent applicable, as required by the MAP-21 cross-cutting requirement, "Agency Safety Plans," the Subrecipient will comply with and, as necessary, will require each Third Party Contractor to comply with, its Public Transportation Agency Safety Plan, as required by 49 U.S.C. 5329, as amended by MAP-21.

### **C. New Freedom Program.**

The Subrecipient must select the Certification in Group 13.C if the Subrecipient seeks funding for its New Freedom Project financed with funds made available or appropriated for former 49 U.S.C. 5317 in effect in FY 2012 or a previous fiscal year. In administering this program, MAP-21 cross-cutting requirements supersede inconsistent former requirements.

1. The following Certification for the New Freedom Program is required by former 49 U.S.C. 5317 in effect in FY 2012 or a previous fiscal year. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:
  - a. The Subrecipient will make awards of New Freedom funding on a competitive basis after conducting:
    - (1) An areawide solicitation in cooperation with the appropriate metropolitan planning organization for applications for funding in compliance with former 49 U.S.C. 5317, or
    - (2) A statewide solicitation for applications for New Freedom funding in compliance with former 49 U.S.C. 5317,
  - b. Any allocations to Third Party Contractors of New Freedom funding authorized by former 49 U.S.C. 5317 will be distributed on a fair and equitable basis,
  - c. The Subrecipient will comply with the following Project selection and planning requirements:
    - (1) The projects the Subrecipient has selected or will select for funding made available or appropriated for that program were derived from a public transit-human services transportation plan that has been:
      - (a) Locally developed, and
      - (b) Coordinated,
    - (2) That locally developed and coordinated plan was produced through a process that included:
      - (a) Representatives of public, private, and nonprofit transportation providers,
      - (b) Representatives of public, private, and nonprofit human services providers, and
      - (c) Participation by the public,
  - d. Before the Subrecipient transfers funds to a project funded by former 49 U.S.C. 5311(c), former 49 U.S.C. 5336, or both:
    - (1) The funding to be transferred may be made available only to projects eligible for funding made available or appropriated for former 49 U.S.C. 5317, and
    - (2) The Subrecipient will have consulted with responsible local officials and publicly owned operators of public transportation in each area for which the amount to be transferred was originally awarded,
  - e. The Subrecipient may transfer funds to another Subrecipient only if it has consulted with responsible local officials and publicly owned operators of public transportation in each area for which the amount originally was awarded, as provided by former 49 U.S.C. 5317, and
  - f. The requirements of former 49 U.S.C. 5307, as determined by FTA, will apply to the New Freedom Program, authorized by former 49 U.S.C. 5317, and
2. The following Certification for the New Freedom Program is required by former 49 U.S.C. 5307(d)(1) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead. Therefore, except as FTA determines otherwise in writing, the Subrecipient certifies that:
  - a. The Subrecipient has or will have, and will require each Third Party Contractor to have, the:
    - (1) Legal capacity to carry out its proposed Projects,
    - (2) Financial capacity to carry out its proposed Projects,
    - (3) Technical capacity to carry out its proposed Projects,
    - (4) Necessary capacity to carry out the safety aspects of its proposed Projects, and
    - (5) Necessary capacity to carry out the security aspects of its proposed Projects,
  - b. The Subrecipient has or will have, and will require each Third Party Contractor to have, satisfactory continuing control over the use of Project equipment and facilities,
  - c. The Subrecipient will maintain, and will require each Third Party Contractor to maintain, its Project equipment and facilities adequately,

- d. When carrying out a procurement under former 49 U.S.C. 5317 in effect in FY 2012 or a previous fiscal year superseded by MAP-21 cross cutting requirements that apply, the Subrecipient will, and will require each Third Party Contractor to do the following:
  - (1) Use competitive procurement (as defined or approved by FTA), as required by 49 U.S.C. 5325(a),
  - (2) Not use exclusionary or discriminatory specifications in its procurements, as required by 49 U.S.C. 5323(h),
  - (3) As provided by the MAP-21 cross-cutting requirement, "Buy America," the Subrecipient will comply with 49 U.S.C. 5323(j), as amended by MAP-21,
  - (4) Comply with applicable pre-award and post-delivery requirements of 49 U.S.C. 5323(m),
  - (5) As provided by MAP-21 cross cutting requirement, "Rail Car Procurement," comply with the railcar option restrictions of 49 U.S.C. 5325(e), as amended by MAP-21, and
  - (6) As required by the MAP-21 cross-cutting requirement, "Veterans Preference/Employment," comply with 49 U.S.C. 5325(k), as amended by MAP-21,
- e. The Subrecipient:
  - (1) Has or will have and, as necessary, will require each Third Party Contractor to have the amount of funds required for the local share required by former 49 U.S.C. 5317(g) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross cutting requirements that may apply instead,
  - (2) Will provide and, as necessary, will require each Third Party Contractor to provide, the local share funds from approved non-Federal sources except as permitted by former 49 U.S.C. 5317(g) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead, and
  - (3) Will provide and, as necessary, will require each Third Party Contractor to provide, the local share funds when needed,
- f. The Subrecipient has complied or will comply with, and will require each Third Party Contractor to comply with, 49 U.S.C. 5301, 5303, and 5304, as amended by MAP-21, and
- g. To the extent applicable, as required by the MAP-21 cross-cutting requirement, "Agency Safety Plans," the Subrecipient will comply with and, as necessary, will require each Third Party Contractor to comply with, its Public Transportation Agency Safety Plan, as required by 49 U.S.C. 5329, as amended by MAP-21.

#### **GROUP 14. RURAL/OTHER THAN URBANIZED AREAS PROGRAMS.**

*The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected on its behalf that apply to itself or its Project, even if a Subrecipient or other Third Party Contractor may be involved in your Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of the applicable Certifications and Assurances.*

*Except as FTA determines otherwise in writing, you must select the Certifications and Assurances in Group 14 if you seek financing for:*

- Formula Grants for Rural Areas Project financed with funding made available or appropriated for 49 U.S.C. 5311(b), as amended by MAP-21,*
- Formula Grants for Other Than Urbanized Areas Project financed with funding made available or appropriated for former 49 U.S.C. 5311(b) in effect in FY 2012 or a previous fiscal year.*

*In administering these programs, MAP-21 cross-cutting requirements supersede inconsistent former requirements.*

#### **A. Formula Grants for Rural Areas Program.**

*You must select the Certification in Group 14.A if the Subrecipient seeks funding for its Formula Grants for Rural Areas Project financed with funds made available or appropriated for 49 U.S.C. 5311(b), as amended by MAP-21.*

The following Certification applies to each Subrecipient for funding made available or appropriated for the Rural Areas Formula Project authorized by 49 U.S.C. 5311(b), as amended by MAP-21. The Subrecipient certify and assures that:

1. It has or will have the:
  - a. Legal capacity to carry out its proposed Projects,
  - b. Financial capacity to carry out its proposed Projects,
  - c. Technical capacity to carry out its proposed Projects,
  - d. Necessary capacity to carry out the safety aspects of its proposed Projects, and
  - e. Necessary capacity to carry out the security aspects of its proposed Projects,
2. The Subrecipient has or will have satisfactory continuing control over the use of Project equipment and facilities,
3. The Subrecipient's Project equipment and facilities will be adequately maintained,
4. The Subrecipient's program has provided for a fair distribution of Federal funding made available or appropriated for 49 U.S.C. 5311(b), as amended by MAP-21 within the State, including Indian reservations,
5. The Subrecipient's program provides or will provide the maximum feasible coordination of public transportation service funded by 49 U.S.C. 5311(b), as amended by MAP-21, with transportation service funded by other Federal sources,
6. The Subrecipient's Projects in its Formula Grants for Rural Areas Program are included in:
  - a. The Statewide Transportation Improvement Program, and
  - b. To the extent applicable, a Metropolitan Transportation Improvement Program,
7. The Subrecipient has or will have the amount of funds required for the local share, as required by 49 U.S.C. 5311(g), as amended by MAP-21, and
  - a. Will provide the local share funds from approved non-Federal sources except as permitted by Federal law, and
  - b. Will provide the local share funds when needed,
8. The Subrecipient may transfer a facility or equipment acquired using a grant under 49 U.S.C. 5311(b) to any other Subrecipient eligible to receive assistance under 49 U.S.C. chapter 53, if:
  - a. Subject to the Department's approval the Subrecipient in possession of the facility or equipment consents to the transfer, and
  - b. The facility or equipment will continue to be used as required under 49 U.S.C. 5311, as amended by MAP-21, and
9. Each fiscal year:
  - a. The Department will spend at least fifteen (15) percent of its 49 U.S.C. 5311 funding available that fiscal year to develop and support intercity bus transportation within the State, with eligible activities, including:
    - (1) Planning and marketing for intercity bus transportation,
    - (2) Capital grants for intercity bus facilities,
    - (3) Joint-use facilities,
    - (4) Operating grants through purchase-of-service agreements, user-side subsidies, and demonstration Projects, and
    - (5) Coordinating rural connections between small public transportation operations and intercity bus carriers, or
  - b. The Department will provide to the Federal Transit Administrator a Certification of the Governor of the State that:
    - (1) It has consulted with the affected intercity bus service providers about the intercity bus needs of the State, and

(2) The State's intercity bus service needs are being met adequately.

## **B. Formula Grants for Other Than Urbanized Areas Program.**

*You must select the Certification in Group 14.B if the Subrecipient seeks funding for its Formula Grant for Other Than Urbanized Areas Project financed with funds made available or appropriated for former 49 U.S.C. 5311(b), in effect in FY 2012 or a previous fiscal year. In administering this program, MAP-21 cross-cutting requirements supersede inconsistent former requirements.*

The following Certification applies to each Subrecipient for funding made available or appropriated for the Formula Grants for Other Than Urbanized Areas Project authorized by 49 U.S.C. 5311(b)(2) in effect in FY 2012 or a previous fiscal year, except as superseded by MAP-21 cross-cutting requirements that apply instead. The Subrecipient certify and assures that:

1. It has or will have the:
  - a. Legal capacity to carry out its proposed Projects,
  - b. Financial capacity to carry out its proposed Projects,
  - c. Technical capacity to carry out its proposed Projects,
  - d. Necessary capacity to carry out the safety aspects of its proposed Projects, and
  - e. Necessary capacity to carry out the security aspects of its proposed Projects,
2. The Subrecipient has or will have satisfactory continuing control over the use of Project equipment and facilities,
3. The Subrecipient's Project equipment and facilities will be adequately maintained,
4. The Subrecipient's program has provided for a fair distribution of Federal funding made available or appropriated for 49 U.S.C. 5311(b) in effect in FY 2012 or a previous fiscal year, within the State, including Indian reservations,
5. The Subrecipient's program provides or will provide the maximum feasible coordination of public transportation service funded by former 49 U.S.C. 5311(b) in effect in FY 2012 or a previous fiscal year, with transportation service funded by other Federal sources,
6. The Subrecipient's Projects in its Formula Grants for Rural Areas Program are included in:
  - a. The Statewide Transportation Improvement Program, and
  - b. To the extent applicable, a Metropolitan Transportation Improvement Program,
7. The Subrecipient has or will have the amount of funds required for the local share, as required by 49 U.S.C. 5311(g) in effect in FY 2012 or a previous fiscal year, and:
  - a. Will provide the local share funds from approved non-Federal sources except as permitted by Federal law,
  - b. Will provide the local share funds when needed,
8. The Subrecipient may transfer a facility or equipment acquired using a grant under 49 U.S.C. 5311(b) in effect in FY 2012 or a previous fiscal year to any other recipient eligible to receive assistance under 49 U.S.C. chapter 53, if:
  - a. Subject to the Department's approval the Subrecipient in possession of the facility or equipment consents to the transfer, and
  - b. The facility or equipment will continue to be used as required under 49 U.S.C. 5311 in effect in FY 2012, and
9. Each fiscal year:
  - a. The Department will spend at least fifteen (15) percent of its 49 U.S.C. 5311 funding available that fiscal year to develop and support intercity bus transportation within the State with eligible activities, including:
    - (1) Planning and marketing for intercity bus transportation,
    - (2) Capital grants for intercity bus shelters,

- (3) Joint-use stops and depots,
  - (4) Operating grants through purchase-of-service agreements, user-side subsidies, and demonstration Projects, and
  - (5) Coordinating rural connections between small public transportation operations and intercity bus carriers, or
- b. The Department will provide to the Federal Transit Administrator a Certification of the Chief Executive Officer of the State that:
- (1) It has consulted with the affected intercity bus service providers about the intercity bus needs of the State, and
  - (2) The State's intercity bus service needs are being met adequately.

#### **GROUP 15. STATE SAFETY OVERSIGHT GRANT PROGRAM.**

The Assurance in Group 15 is in addition to other Certifications and Assurances required for State Safety Oversight Grant Program funding.

At the time the FY 2013 Certifications and Assurances for various FTA programs were issued, the Certification and Assurance requirements for the State Safety Oversight Grant Program, authorized under 49 U.S.C. 5329(e)(6), as amended by MAP-21, were not formally established.

In the interim, however, please select the Assurance for Group 15 if the Subrecipient is applying for funding for a State Safety Oversight Project.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances selected on its behalf that apply to itself or its Project, even if a Third Party Contractor may be involved in your Applicant's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances selected.

Except as FTA determines otherwise in writing, before FTA provides funding made available or appropriated for a State Safety Oversight Project, the Subrecipient should select the Assurance in Group 15 and other Certifications and Assurances listed previously that are required for the funding the Subrecipient seeks. Any provision of the Assurance in Group 15 that does not apply will not be enforced.

The Subrecipient assures that it will comply with the requirements of those Certifications and Assurances FTA determines will apply to a Subrecipient of funding made available or appropriated for the State Safety Oversight Program, as required by 49 U.S.C. 5329(e)(6), as amended by MAP-21.

#### **GROUP 16. PUBLIC TRANSPORTATION EMERGENCY RELIEF PROGRAM.**

The Assurance in Group 16 is in addition to other Certifications and Assurances listed previously required for Public Transportation Emergency Relief Program funding.

At the time the FY 2013 Certifications and Assurances for various FTA programs were issued, the Certification and Assurance requirements for the Public Transportation Emergency Relief Program, authorized under 49 U.S.C. 5324, as amended by MAP-21, were not formally established.

In the interim, however, please select the Assurance for Group 16 if the Subrecipient applies for funding for a Public Transportation Emergency Relief Project.

The Subrecipient is ultimately responsible for compliance with the Certifications and Assurances that apply to itself or its Project, even if a Third Party Contractor may be involved in the Subrecipient's Project, except as FTA determines otherwise in writing. For this reason, we strongly encourage the Subrecipient to take appropriate measures, including, but not limited to, obtaining sufficient documentation from each Third Party Contractor to assure the validity of applicable Certifications and Assurances .

Except as FTA determines otherwise in writing, before FTA provides funding made available or appropriated for a Public Transportation Emergency Relief Project, the Subrecipient should select the Assurance in Group 16 and other Certifications and Assurances listed previously that are required for the funding the Subrecipient seeks. Any provision of the Assurance in Group 16 that does not apply will not be enforced.

As required by 49 U.S.C. 5324(d)(1), as amended by MAP-21, the Subrecipient assures that it will comply with the requirements of the Certifications and Assurances as FTA determines will apply to a Subrecipient of funding made available or appropriated for the Public Transportation Emergency Relief Program.

Selection and Signature Page(s) follow.

**FEDERAL FISCAL YEAR 2013 CERTIFICATIONS AND ASSURANCES FOR  
FEDERAL TRANSIT ADMINISTRATION ASSISTANCE PROGRAMS  
CALIFORNIA DEPARTMENT OF TRANSPORTATION**

**The California Department of Transportation is the Applicant (Designated Recipient) for Federal Transit Administration funds, and has agreed to the Certifications and Assurances thereby. All Subrecipients must also agree and comply with applicable provisions of the Categories below.**

**Name of Subrecipient:**

\_\_\_\_\_

**The Subrecipient agrees to comply with applicable provisions of Groups 01 – 16**

**OR**

**The Applicant agrees to comply with applicable provisions of the Groups it has selected:**

<u><b>Group</b></u>	<u><b>Description</b></u>	
1	Required Certifications and Assurances for Each Subrecipient.	_____
2	Lobbying.	_____
3	Private Sector Protections.	_____
4	Procurement and Procurement System.	_____
5	Rolling Stock Reviews and Bus Testing.	_____
6	Demand Responsive Service.	_____
7	Intelligent Transportation Systems.	_____
8	Interest and Finance Costs and Leasing Costs.	_____
9	Transit Asset Management and Agency Safety Plans.	_____
10	Alcohol and Controlled Substances Testing.	_____
11	Bus/Bus Facilities Programs.	_____
12	Urbanized Area Formula Programs and Job Access and Reverse Commute (JARC) Program.	_____
13	Seniors/Elderly/Individuals with Disabilities Programs and New Freedom Program.	_____
14	Rural/Other Than Urbanized Areas Programs.	_____
15	State Safety Oversight Program.	_____
16	Public Transportation Emergency Relief Program.	_____

**FEDERAL FISCAL YEAR 2013 FTA CERTIFICATIONS AND ASSURANCES SIGNATURE PAGE**  
(Required of all Subrecipients for FTA funding and all FTA Grantees with an active Capital or Formula Project)

AFFIRMATION OF SUBRECIPIENT

Name of Subrecipient: \_\_\_\_\_

Name and Relationship of Authorized Representative: \_\_\_\_\_

BY SIGNING BELOW, on behalf of the Subrecipient, I declare that the Subrecipient has duly authorized me to make these Certifications and Assurances and bind the Subrecipient's compliance. Thus, the Subrecipient agrees to comply with all Federal statutes and regulations, and follow applicable Federal guidance, and comply with the Certifications and Assurances as indicated on the foregoing page applicable to each application its authorized representative makes to the Federal Transit Administration (FTA) in Federal Fiscal Year 2013, irrespective of whether the individual that acted on the Subrecipient's behalf continues to represent the Subrecipient.

FTA intends that the Certifications and Assurances the Subrecipient selects on the other side of this document should apply, as provided, to each Project for which the Subrecipient seeks now, or may later seek FTA funding during Federal Fiscal Year 2013.

The Subrecipient affirms the truthfulness and accuracy of the Certifications and Assurances it has selected in the statements submitted with this document and any other submission made to FTA, and acknowledges that the Program Fraud Civil Remedies Act of 1986, 31 U.S.C. 3801 *et seq.*, and implementing U.S. DOT regulations, "Program Fraud Civil Remedies," 49 CFR part 31, apply to any certification, assurance or submission made to FTA. The criminal provisions of 18 U.S.C. 1001 apply to any certification, assurance, or submission made in connection with a Federal public transportation program authorized by 49 U.S.C. Chapter 53 or any other statute

In signing this document, I declare under penalties of perjury that the foregoing Certifications and Assurances, and any other statements made by me on behalf of the Subrecipient are true and accurate.

Signature \_\_\_\_\_ Date: \_\_\_\_\_

Name \_\_\_\_\_  
Authorized Representative of Subrecipient

AFFIRMATION OF SUBRECIPIENT'S ATTORNEY

For (Name of Subrecipient):

\_\_\_\_\_

As the undersigned Attorney for the above named Subrecipient, I hereby affirm to the Applicant that it has authority under State, local, or tribal government law, as applicable, to make and comply with the Certifications and Assurances as indicated on the foregoing pages. I further affirm that, in my opinion, the Certifications and Assurances have been legally made and constitute legal and binding obligations on the Subrecipient.

I further affirm to the Subrecipient that, to the best of my knowledge, there is no legislation or litigation pending or imminent that might adversely affect the validity of these Certifications and Assurances, or of the performance of its FTA Project or Projects.

Signature \_\_\_\_\_ Date: \_\_\_\_\_

Name \_\_\_\_\_

Attorney for Subrecipient

Each Subrecipient for FTA funding and each FTA Grantee with an active Capital or Formula Project must provide an Affirmation of Subrecipient's Attorney pertaining to the Subrecipient's legal capacity. The Subrecipient may enter its signature in lieu of the Attorney's signature, provided the Subrecipient has on file this Affirmation, signed by the attorney and dated this Federal fiscal year.

City of  
**CORCORAN**

A MUNICIPAL CORPORATION

FOUNDED 1914

**STAFF REPORT  
ITEM #: 7-B**

**MEMORANDUM**

**TO:** Corcoran City Council

**FROM:** Kindon Meik, Community Development Director/City Manager

**DATE:** March 27, 2013

**MEETING DATE:** April 1, 2013

**SUBJECT:** Support Letter for the United States Navy's F-35C West Coast Home basing  
DEIS Naval Air Station (NAS) Lemoore

**Recommendation:**

Motion to approve a letter of support to base the United States Navy's F-35C aircraft at Naval Air Station (NAS) Lemoore and authorize the Mayor to sign on the City's behalf.

**Background:**

At the February 15, 2013 City/County Coordinating Meeting, Captain Eric Venema, Commanding Officer at NAS Lemoore presented an overview of the Draft Environmental Impact Report (EIS) regarding the Navy's selection of a homebase for the F-35C Joint Strike Fighter. Captain Venema outlined the benefits of locating the F-35C in Lemoore and requested that the Cities and County draft letters of support.

**Budget Impact:**

None

**Attachments:**

Letter of Support

April 1, 2013

U.S. Navy F-35C EIS Project Manager  
Naval Facilities Engineering Command, Southwest  
Attn: Code EV21.AK  
1220 Pacific Highway, Bldg. 1, 5<sup>th</sup> Floor  
San Diego, CA 92132

RE: United States Navy's F-35C West Coast Home basing DEIS

To Whom It May Concern:

The City of Corcoran hereby expresses its support of the Navy's Draft Environmental Impact Statement (EIS) which recommends Naval Air Station (NAS) Lemoore as the preferred home base for the F-35C Joint Strike Fighter.

As noted in the Draft EIS, the decision to base the F-35C at NAS Lemoore meets mission requirements, would have fewer environmental impacts and would be more cost effective than locating the aircraft at the El Centro Naval Air Facility. Furthermore, the Draft EIS identifies a number of significant negative impacts of the El Centro NAF alternative including impacts on residential neighborhoods, increased noise, and traffic circulation. It is also important to note that construction costs at El Centro NAF would be approximately 3.5 times more than at NAS Lemoore.

Finally, the City recognizes the benefits of homebasing the F-35C at NAS Lemoore including the creation of over 1,000 new jobs (construction and post-construction), the relocation of military personnel and their families to the area, and increased economic activity at the base and in Kings County. It is anticipated that these benefits would offset the pending loss of the FA-18C Hornet aircraft currently stationed in Lemoore

The City Council recognizes the important role of the military in our great Nation and we honor the men and women who dedicate their lives to defending our freedom. Moreover, the City of Corcoran hereby expresses its appreciation for the work that is carried out at NAS Lemoore and fully support its continued operation.

Thank you for the opportunity to comment on this very important project for our area.

Sincerely,

Jim Wadsworth, Mayor  
City of Corcoran

cc: Eric Venema, Captain, U.S. Navy, Commanding Officer, NAS, Lemoore, CA  
Corcoran, City Council Members

- Vice-Mayor Jerry Robertson
- Council Member Mark Cartwright
- Council Member Raymond Lerma
- Council Member Sidonio Palmerin

**MATTERS FOR MAYOR AND COUNCIL  
ITEM #: 8**

**MEMORANDUM**

**MEETING DATE: April 1, 2013**

**TO: Corcoran City Council**

**FROM: Lorraine Lopez, Assistant to the City Manager/City Clerk**

**SUBJECT: Matters for Mayor & Council**

UPCOMING EVENTS / MEETINGS

- April 15, 2013 (Monday) City Council Meeting – 6:00 PM, Council Chambers
- May 6, 2013 (Monday) City Council Meeting – 6:00 PM, Council Chambers
- May 20, 2013 (Monday) City Council Meeting – 6:00 PM, Council Chambers

A. Information Items

B. Council Comments

*This is the time for council members to comment on matters of interest.*

1. Staff Referral Items

C. Committee Reports

D. Council Goals

Two Year Goals:

1. Safe Crossings on Highway 43
2. Balance Budget
3. Maintain Services
4. Prepare for Centennial Activities

Long Term Goals:

1. Lighted Soccer Field
2. Demolition of Grain Building



**COUNCIL REQUESTS OR REFERRAL ITEMS  
PENDING FURTHER ACTION or RESOLUTION BY STAFF**

<b>DATE</b> Sent to Council/ Request made	<b>REQUEST</b>	<b>STATUS</b>	<b>DEPARTMENT RESPONSIBLE</b> Dept/Division
03/05/12	Council directed staff develop guidelines for co-sponsorship of events.	In progress	City Clerk/ Finance