

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

City Council Chambers  
1015 Chittenden Avenue  
Corcoran, CA 93212

*Tuesday, February 18, 2014  
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 council members 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. Authorization to read ordinances and resolutions by title only.
3. **APPROPRIATIONS** (VV)

Approval of Warrant Register dated February 18, 2014. (Venegas)
4. **PRESENTATIONS**
  - 4-A. Presentation of the 2012-13 City Audit Report by Fausto Hinojosa of Price, Paige & Company. Consider acceptance of the 2012-13 Audit Report. (Venegas) (VV)
  - 4-B. Police Department Annual Report. (Shortnacy)
5. **PUBLIC HEARINGS**
  - 5-A. Public Hearing to obtain comments to consider Unmet Transit Needs of the citizens of Corcoran. (Kroeker) (VV)
    - A. Open Public hearing
    - B. Staff Report
    - C. Accept written testimony
    - D. Accept oral testimony
    - E. Close/continue hearing
    - F. Council discussion
    - G. By motion, approve/approve with changes/deny recommendation.
  - 5-B. Public Hearing to obtain comments to consider Resolution No. 2718 adopting new building permit fees. (Tromborg) (VV)
    - A. Open Public hearing
    - B. Staff Report
    - C. Accept written testimony
    - D. Accept oral testimony
    - E. Close/continue hearing
    - F. Council discussion
    - G. By motion, approve/approve with changes/deny recommendation.
  - 5-C. Public Hearing to obtain comments to consider Ordinance No. 620 adopting the 2013 Title 24 California Building Codes, Standards, and Regulations. (Tromborg) (VV)
    - A. Open Public hearing
    - B. Staff Report
    - C. Accept written testimony
    - D. Accept oral testimony
    - E. Close/continue hearing
    - F. Council discussion
    - G. By motion, approve/approve with changes/deny recommendation.
6. **WRITTEN COMMUNICATIONS** – None
7. **STAFF REPORTS**
  - 7-A. Consider one-year contract extension with auditing firm Price, Paige & Company. (Meik) (VV)
  - 7-B. Consider approval of lease agreement with Nunhems USA, Inc. for land on wastewater disposal application site. (Kroeker) (VV)

- 7-C. Consider Centennial Proclamation Recognizing The Corcoran Journal. (Meik) (VV)
- 7-D. Consider Revisions to City Clerk Job Description. (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. **PENDING LITIGATION** (Government Code § 54956.9). It is the intention of this governing body to meet in closed-session concerning:  
Conference with legal counsel – ANTICIPATED LITIGATION (Government Code § 54956.9(d)).  
Initiation of litigation (Government Code § 54956.9(d)(4)).  
Number of potential cases is: 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 February 13, 2014.



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Kindon Meik, City Manager

# Accounts Payable Voucher Approval List

User: bjh  
Printed: 02/13/2014-11:13



Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount	
054886	02/13/2014	A-1 Auto Paint & Body Shop	Vehicle Mntce	104-421-300-260	1,000.00	
					<b>Warrant Total:</b>	<b>1,000.00</b>
054885	02/13/2014	A Design for You	Shirts/Chamber Annual Dinner Table	104-401-300-214	154.80	
					<b>Warrant Total:</b>	<b>154.80</b>
054887	02/13/2014	Refugio Aguirre	Per Diem/Street Gang Training	104-421-300-270	64.00	
					<b>Warrant Total:</b>	<b>64.00</b>
054888	02/13/2014	Amtrak	Tickets/100 Corcoran to Hanford	145-410-300-292	650.00	
054888	02/13/2014	Amtrak	Tickets/100 Hanford to Corcoran	145-410-300-292	650.00	
054888	02/13/2014	Amtrak	Tickets/ 10 Ten Ride Passes	145-410-300-292	595.00	
					<b>Warrant Total:</b>	<b>1,895.00</b>
054889	02/13/2014	Amtrak	Tickets/100 Corcoran to Hanford	145-410-300-292	650.00	
054889	02/13/2014	Amtrak	Tickets/100 Hanford to Corcoran	145-410-300-292	650.00	
					<b>Warrant Total:</b>	<b>1,300.00</b>
054890	02/13/2014	ASI Administrative Solutions,	Section 125 Administration	304-000-202-010	84.00	
054890	02/13/2014	ASI Administrative Solutions,	COBRA Administration	104-402-300-200	77.60	
054890	02/13/2014	ASI Administrative Solutions,	FSA Annual Fee	104-402-300-200	250.00	
					<b>Warrant Total:</b>	<b>411.60</b>
054891	02/13/2014	AT&T Mobility	Cell Phone Service	120-435-300-220	109.80	
					<b>Warrant Total:</b>	<b>109.80</b>
054892	02/13/2014	Az Auto Parts	Parts	145-410-300-260	247.29	
054892	02/13/2014	Az Auto Parts	Parts	104-412-300-140	4.71	
054892	02/13/2014	Az Auto Parts	Parts	104-421-300-260	25.80	
054892	02/13/2014	Az Auto Parts	Parts	104-433-300-210	23.54	
054892	02/13/2014	Az Auto Parts	Parts	104-433-300-260	13.96	
054892	02/13/2014	Az Auto Parts	Parts	109-434-300-140	6.69	
054892	02/13/2014	Az Auto Parts	Parts	109-434-300-260	49.60	
054892	02/13/2014	Az Auto Parts	Parts	105-437-300-210	0.67	
054892	02/13/2014	Az Auto Parts	Parts	112-438-300-140	191.32	

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
054893	02/13/2014	BankCard Center	Notary Services/Notary Trng/L.Lopez	104-402-300-270	565.58
054893	02/13/2014	BankCard Center	Wal-Mart/Chamber Dinner Table Decoration	104-401-300-214	99.00
054893	02/13/2014	BankCard Center	Michaels Stores/Chamber Dinner Table Dec	104-401-300-214	32.19
054893	02/13/2014	BankCard Center	Blissful Moment/Chamber Dinner Table Dec	104-401-300-214	15.53
054893	02/13/2014	BankCard Center	Rite Aid Store	104-401-300-271	110.73
054893	02/13/2014	BankCard Center	Solano Press Books	104-401-300-170	10.99
054893	02/13/2014	BankCard Center	Visalia Chamber/Harassment Training	104-402-300-270	109.86
054893	02/13/2014	BankCard Center	Wal-Mart/External Harddrive	104-421-300-270	100.00
054893	02/13/2014	BankCard Center	Earthink	104-402-300-210	127.93
054893	02/13/2014	BankCard Center	Animal Care Conf/J Saldana	104-401-300-157	34.95
054893	02/13/2014	BankCard Center	San Diego Regional Trng/G. Cramer	104-421-300-270	400.00
054893	02/13/2014	BankCard Center	Emblem Enterprises/Uniform Patches	104-421-300-270	155.00
054893	02/13/2014	BankCard Center	San Diego Regional Trng/J.Harris	104-421-300-210	389.24
054893	02/13/2014	BankCard Center	CA Peace Officer Trng/R.Shortnacy	104-421-300-270	155.00
054893	02/13/2014	BankCard Center	Police Car Models/Supplies	104-421-300-270	145.00
054893	02/13/2014	BankCard Center	NCRPSTC Training/B.Beavers	104-421-300-270	182.00
054893	02/13/2014	BankCard Center	CA Peace Officers Trng/9 Officers	104-421-300-270	125.00
054893	02/13/2014	BankCard Center	Central Coast Gang Trng/R.Aguirre	104-421-300-270	360.00
054893	02/13/2014	BankCard Center	Police Car Models/Supplies	104-421-300-270	100.00
054893	02/13/2014	BankCard Center	CA Peace Officers Trng/2 Officers	104-421-300-270	182.00
054893	02/13/2014	BankCard Center	Law Enforcement Target/Range Supplies	104-421-300-270	452.00
054893	02/13/2014	BankCard Center	CPCA/Training/R.Shortnacy	104-421-300-210	150.24
054893	02/13/2014	BankCard Center	Amore Caffee/Meeting/Supplies	104-421-300-270	140.00
054893	02/13/2014	BankCard Center	Lemoore Sportsman Club/Membership	104-421-300-170	24.99
054893	02/13/2014	BankCard Center	USPS/Mailing Fee	104-421-300-152	153.00
054893	02/13/2014	BankCard Center	Fugazzis/Per Diem/Training/5 Employees	104-432-300-148	41.95
054893	02/13/2014	BankCard Center	Fugazzis/Per Diem/Training/5 Employees	104-431-300-270	12.00
054893	02/13/2014	BankCard Center	Fugazzis/Per Diem/Training/5 Employees	105-437-300-270	12.00
054893	02/13/2014	BankCard Center	Fugazzis/Per Diem/Training/5 Employees	104-402-300-270	12.00
054893	02/13/2014	BankCard Center	Fugazzis/Per Diem/Training/5 Employees	145-410-300-270	12.00
054893	02/13/2014	BankCard Center	Fugazzis/Per Diem/Training/5 Employees	120-435-300-270	12.00
054893	02/13/2014	BankCard Center	Fugazzis/Reimbursed by S.Kroeker	104-431-300-270	34.16
			<b>Warrant Total:</b>		<b>3,890.76</b>
054894	02/13/2014	Best Deal Food Co Inc.	Supplies	104-421-300-148	24.80
054894	02/13/2014	Best Deal Food Co Inc.	Supplies	104-421-300-203	25.99
054894	02/13/2014	Best Deal Food Co Inc.	Supplies	104-421-300-210	21.55
054894	02/13/2014	Best Deal Food Co Inc.	Supplies	104-432-300-210	14.32
054894	02/13/2014	Best Deal Food Co Inc.	Supplies	120-435-300-210	78.55
054894	02/13/2014	Best Deal Food Co Inc.	Supplies	105-437-300-210	3.95
			<b>Warrant Total:</b>		<b>169.16</b>
054895	02/13/2014	Board of Equalization	Hazardous Waste Generator Fee	120-435-300-160	10,432.50
054895	02/13/2014	Board of Equalization	Hazardous Waste Generator Fee	105-437-300-160	10,432.50
			<b>Warrant Total:</b>		<b>20,865.00</b>
054896	02/13/2014	BSK Associates	Lab Analysis	105-437-300-200	17.00
054896	02/13/2014	BSK Associates	Lab Analysis	105-437-300-200	136.00

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
054896	02/13/2014	BSK Associates	Lab Analysis	105-437-300-200	136.00
054896	02/13/2014	BSK Associates	Lab Analysis	105-437-300-200	60.00
054896	02/13/2014	BSK Associates	Lab Analysis	105-437-300-200	45.00
054896	02/13/2014	BSK Associates	Lab Analysis	105-437-300-200	15.00
054896	02/13/2014	BSK Associates	Lab Analysis	105-437-300-200	17.00
054896	02/13/2014	BSK Associates	Lab Analysis	105-437-300-200	30.00
054896	02/13/2014	BSK Associates	Lab Analysis	105-437-300-200	136.00
054896	02/13/2014	BSK Associates	Invoice A403120 Credit	105-437-300-200	-240.00
			<b>Warrant Total:</b>		<b>352.00</b>
054897	02/13/2014	C. A. Reding Company, Inc	Copier Mntnce/WTP	105-437-300-140	92.36
			<b>Warrant Total:</b>		<b>92.36</b>
054898	02/13/2014	Calolympic Safety	Calibration Test	120-435-300-140	106.03
054898	02/13/2014	Calolympic Safety	Calibration Test	120-435-300-140	106.03
			<b>Warrant Total:</b>		<b>212.06</b>
054899	02/13/2014	Caves & Associates	Negotiation Services	104-402-300-200	511.88
			<b>Warrant Total:</b>		<b>511.88</b>
054900	02/13/2014	CDPH-OCP	T-3 Re-exam/J. Guerrero	105-437-300-160	70.00
			<b>Warrant Total:</b>		<b>70.00</b>
054901	02/13/2014	Gen-Cal Machinery, Inc	Part	109-434-300-140	192.51
			<b>Warrant Total:</b>		<b>192.51</b>
054902	02/13/2014	Chemical Waste Management Inc	Filter Press Sludge	105-437-300-193	2,856.10
			<b>Warrant Total:</b>		<b>2,856.10</b>
054903	02/13/2014	Chevron & Texaco Card Svc	Fuel	104-421-300-250	337.10
			<b>Warrant Total:</b>		<b>337.10</b>
054904	02/13/2014	City of Corcoran	City Services/2410 Bell	301-430-300-316	90.90
			<b>Warrant Total:</b>		<b>90.90</b>
054905	02/13/2014	Corcoran Chamber of Commerce	Annual Calendar	104-421-300-210	75.00
054905	02/13/2014	Corcoran Chamber of Commerce	Annual Banquet Tickets	104-421-300-210	240.00
			<b>Warrant Total:</b>		<b>315.00</b>
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	104-432-300-152	3.89
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	104-433-300-270	12.00
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	104-412-300-270	6.00
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	109-434-300-270	6.00
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	145-410-300-160	12.00
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	104-421-300-148	24.68
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	104-421-300-210	26.07
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	104-421-300-210	30.00
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	104-421-300-210	18.00

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	104-432-300-152	12.35
054906	02/13/2014	Corcoran City Petty Cash	Reimbursements	104-405-300-300	-1.55
				<b>Warrant Total:</b>	<b>149.44</b>
054907	02/13/2014	Corcoran Hardware	Supplies	104-407-300-198	28.98
054907	02/13/2014	Corcoran Hardware	Supplies	145-410-300-210	0.53
054907	02/13/2014	Corcoran Hardware	Supplies	104-412-300-210	197.35
054907	02/13/2014	Corcoran Hardware	Supplies	104-432-300-210	91.00
054907	02/13/2014	Corcoran Hardware	Supplies	104-432-320-210	25.82
054907	02/13/2014	Corcoran Hardware	Supplies	109-434-300-210	13.96
054907	02/13/2014	Corcoran Hardware	Supplies	109-434-300-260	9.20
054907	02/13/2014	Corcoran Hardware	Supplies	120-435-300-210	530.94
054907	02/13/2014	Corcoran Hardware	Supplies	105-437-300-210	820.32
054907	02/13/2014	Corcoran Hardware	Supplies	104-421-300-210	59.81
054907	02/13/2014	Corcoran Hardware	Supplies	104-421-300-148	15.36
054907	02/13/2014	Corcoran Hardware	Supplies	104-421-300-224	59.50
054907	02/13/2014	Corcoran Hardware	Supplies	114-414-300-210	26.85
				<b>Warrant Total:</b>	<b>1,879.62</b>
054908	02/13/2014	Corcoran Machine Works	Cap Screws	104-412-300-140	2.58
				<b>Warrant Total:</b>	<b>2.58</b>
054909	02/13/2014	Corcoran Publishing Company	Transt Ads	145-410-300-156	849.00
				<b>Warrant Total:</b>	<b>849.00</b>
054910	02/13/2014	Gary Cramer	Per Diem/CPCA Symposium	104-421-300-270	156.00
				<b>Warrant Total:</b>	<b>156.00</b>
054911	02/13/2014	E & B Landscape Garden Supply	Rock	120-435-300-210	86.00
054911	02/13/2014	E & B Landscape Garden Supply	Rock	120-435-300-210	258.00
				<b>Warrant Total:</b>	<b>344.00</b>
054912	02/13/2014	Employment Development Dept	Unemployment Claims/F. Moore	104-421-200-131	2,675.00
				<b>Warrant Total:</b>	<b>2,675.00</b>
054913	02/13/2014	FedEx	Shipping Fee	104-432-300-152	26.82
				<b>Warrant Total:</b>	<b>26.82</b>
054914	02/13/2014	Ferguson Enterprises, Inc	Plungers	105-437-300-140	111.36
054914	02/13/2014	Ferguson Enterprises, Inc	Parts	105-437-300-210	623.25
				<b>Warrant Total:</b>	<b>734.61</b>
054915	02/13/2014	GMS, Inc.	1098 Printing	178-441-300-200	105.20
054915	02/13/2014	GMS, Inc.	1098 Forms	178-441-300-200	43.40
054915	02/13/2014	GMS, Inc.	Tax Form Shipping Fee	178-441-300-200	72.44
				<b>Warrant Total:</b>	<b>221.04</b>
054916	02/13/2014	Guardian Life Insurance	Dental Insurance/January	104-000-202-011	3,926.93

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
054916	02/13/2014	Guardian Life Insurance	Dental Insurance/January	105-000-202-011	357.28
054916	02/13/2014	Guardian Life Insurance	Dental Insurance/January	109-000-202-011	323.73
054916	02/13/2014	Guardian Life Insurance	Dental Insurance/January	112-000-202-011	119.91
054916	02/13/2014	Guardian Life Insurance	Dental Insurance/January	120-000-202-011	396.87
054916	02/13/2014	Guardian Life Insurance	Dental Insurance/January	121-000-202-011	44.10
054916	02/13/2014	Guardian Life Insurance	Dental Insurance/January	145-000-202-011	560.99
054916	02/13/2014	Guardian Life Insurance	Dental Insurance/January	274-000-202-011	119.91
054916	02/13/2014	Guardian Life Insurance	Dental Insurance/January	304-000-202-026	235.45
			<b>Warrant Total:</b>		<b>6,085.17</b>
054917	02/13/2014	Hanford Veterinary Hospital	K9 Vet Services	104-421-300-217	25.68
			<b>Warrant Total:</b>		<b>25.68</b>
054918	02/13/2014	Holiday Inn Express	Lodging/R. Aguire	104-421-300-270	148.50
			<b>Warrant Total:</b>		<b>148.50</b>
054919	02/13/2014	Home Depot Credit Services	Supplies	104-432-300-210	115.97
054919	02/13/2014	Home Depot Credit Services	Supplies	105-437-300-210	18.67
			<b>Warrant Total:</b>		<b>134.64</b>
054920	02/13/2014	Images/RadioShack Dealer	Photo Paper	120-435-300-210	21.49
054920	02/13/2014	Images/RadioShack Dealer	Olympus Recorder	104-421-300-210	85.99
054920	02/13/2014	Images/RadioShack Dealer	Olympus Recorders	104-421-300-210	257.97
			<b>Warrant Total:</b>		<b>365.45</b>
054922	02/13/2014	Ravi I. Kumar MD, Inc.	Pre-Employment Physical/D. Arnold	145-410-300-200	140.00
			<b>Warrant Total:</b>		<b>140.00</b>
054921	02/13/2014	Kings Waste & Recycling	Dump Fees/Trash	112-436-300-192	605.25
054921	02/13/2014	Kings Waste & Recycling	Dump Fees/Recyclables	112-436-300-192	795.24
054921	02/13/2014	Kings Waste & Recycling	Dump Fees/Greenwaste	112-436-300-192	6,212.80
			<b>Warrant Total:</b>		<b>7,613.29</b>
054923	02/13/2014	Lawrence Tractor	Parts	120-435-300-140	76.93
054923	02/13/2014	Lawrence Tractor	Parts	120-435-300-140	28.27
			<b>Warrant Total:</b>		<b>105.20</b>
054924	02/13/2014	LexisNexis Risk Data Mngmt	Background Service	104-421-300-200	50.00
			<b>Warrant Total:</b>		<b>50.00</b>
054925	02/13/2014	Linder Equipment Co	Repairs	145-410-300-260	2,077.42
			<b>Warrant Total:</b>		<b>2,077.42</b>
054926	02/13/2014	Noe Martinez	Lawn Mntnce/2410 Bell	301-430-300-316	120.00
			<b>Warrant Total:</b>		<b>120.00</b>
054927	02/13/2014	Miguel Meneses	Yard Svc/Salyer Estate Landscaping Dist	111-601-300-202	120.00

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
054927	02/13/2014	Miguel Meneses	Yard Svc/Sunrise Villa Landscaping Dist	111-604-300-202	200.00
				<b>Warrant Total:</b>	<b>320.00</b>
054928	02/13/2014	Robert Nolan	Gas Line	120-433-300-200	2,000.00
054928	02/13/2014	Robert Nolan	Urnal	104-432-300-200	300.00
				<b>Warrant Total:</b>	<b>2,300.00</b>
054929	02/13/2014	Nova Storm Systems	Business Network Access Service	105-437-300-200	85.00
				<b>Warrant Total:</b>	<b>85.00</b>
054930	02/13/2014	Office Depot	Office Supplies	104-407-300-197	92.85
054930	02/13/2014	Office Depot	Office Supplies	104-421-300-150	881.86
054930	02/13/2014	Office Depot	Office Supplies	145-410-300-210	63.02
054930	02/13/2014	Office Depot	Office Supplies	105-437-300-210	7.55
054930	02/13/2014	Office Depot	Office Supplies	109-434-300-210	9.48
054930	02/13/2014	Office Depot	Office Supplies	104-432-300-150	59.63
054930	02/13/2014	Office Depot	Office Supplies	104-432-300-150	865.12
				<b>Warrant Total:</b>	<b>1,979.51</b>
054931	02/13/2014	Pacific Employers	Annual Labor Law Posters	104-402-300-170	7.50
				<b>Warrant Total:</b>	<b>7.50</b>
054932	02/13/2014	Pacific Press Company	Parts	105-437-300-140	3,619.75
				<b>Warrant Total:</b>	<b>3,619.75</b>
054933	02/13/2014	PG&E	Utilities	111-601-300-240	10.84
054933	02/13/2014	PG&E	Utilities	145-410-300-240	519.93
054933	02/13/2014	PG&E	Utilities	104-411-300-240	2,117.93
054933	02/13/2014	PG&E	Utilities	104-412-300-240	607.96
054933	02/13/2014	PG&E	Utilities	104-432-300-240	4,451.26
054933	02/13/2014	PG&E	Utilities	104-432-320-240	133.90
054933	02/13/2014	PG&E	Utilities	109-434-300-240	301.94
054933	02/13/2014	PG&E	Utilities	120-433-300-240	15,768.43
054933	02/13/2014	PG&E	Utilities	121-439-300-240	543.11
054933	02/13/2014	PG&E	Utilities	105-437-300-240	51,567.06
054933	02/13/2014	PG&E	Utilities	111-601-300-240	77.33
054933	02/13/2014	PG&E	Utilities	111-603-300-240	7.77
054933	02/13/2014	PG&E	Utilities	111-604-300-240	85.66
054933	02/13/2014	PG&E	Utilities	104-412-300-240	15.62
054933	02/13/2014	PG&E	Utilities	109-434-300-240	4,630.35
054933	02/13/2014	PG&E	Utilities	301-430-300-316	34.07
				<b>Warrant Total:</b>	<b>80,873.16</b>
054934	02/13/2014	Pizza Factory	Inmate Meals	104-421-300-148	96.60
054934	02/13/2014	Pizza Factory	RMA Training	104-431-300-270	245.55
				<b>Warrant Total:</b>	<b>342.15</b>
054935	02/13/2014	Portoia Hotel & Spa	Lodging/R. Shortnacy	104-421-300-270	734.44

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
054936	02/13/2014	Portola Hotel & Spa	Lodging/G. Cramer	104-421-300-270	734.44
				<b>Warrant Total:</b>	<b>734.44</b>
054937	02/13/2014	Price, Paige & Company	Completion of 2013 Audit	104-405-300-200	8,925.00
				<b>Warrant Total:</b>	<b>8,925.00</b>
054938	02/13/2014	Prudential Overall Supply	Entrance Rugs/Shop Towels/Dust Mop	145-410-300-200	44.51
054938	02/13/2014	Prudential Overall Supply	Entrance Rugs/Shop Towels/Dust Mop	136-415-300-200	32.16
054938	02/13/2014	Prudential Overall Supply	Entrance Rugs/Shop Towels/Dust Mop	104-432-300-200	140.33
054938	02/13/2014	Prudential Overall Supply	Entrance Rugs/Shop Towels/Dust Mop	104-432-300-200	23.60
054938	02/13/2014	Prudential Overall Supply	Entrance Rugs/Shop Towels/Dust Mop	104-432-320-200	20.46
054938	02/13/2014	Prudential Overall Supply	Entrance Rugs/Shop Towels/Dust Mop	104-433-300-200	28.20
054938	02/13/2014	Prudential Overall Supply	Entrance Rugs/Shop Towels/Dust Mop	104-433-300-180	15.00
054938	02/13/2014	Prudential Overall Supply	Entrance Rugs/Shop Towels/Dust Mop	120-435-300-200	44.51
054938	02/13/2014	Prudential Overall Supply	Entrance Rugs/Shop Towels/Dust Mop	105-437-300-200	47.43
				<b>Warrant Total:</b>	<b>396.20</b>
054939	02/13/2014	Quality Pool Service	Monthly Pool Service	104-411-300-200	850.00
054939	02/13/2014	Quality Pool Service	Bulk Chlorine	104-411-300-210	1,441.70
				<b>Warrant Total:</b>	<b>2,291.70</b>
054940	02/13/2014	Quinn Company	Hose	120-435-300-140	49.90
				<b>Warrant Total:</b>	<b>49.90</b>
054941	02/13/2014	Ray Figueroa Construction	Property Abatement/1611 Lets	104-407-300-198	1,030.00
054941	02/13/2014	Ray Figueroa Construction	Property Abatement/1021 Pickereil	311-408-300-200	115.00
				<b>Warrant Total:</b>	<b>1,145.00</b>
054942	02/13/2014	Renaissance Long Beach Hotel	Lodging/J. Saldana	104-421-300-270	731.80
				<b>Warrant Total:</b>	<b>731.80</b>
054943	02/13/2014	Res-Com	Pest Control	145-410-300-200	33.00
054943	02/13/2014	Res-Com	Pest Control	104-411-300-200	33.00
054943	02/13/2014	Res-Com	Pest Control	136-415-300-200	33.00
054943	02/13/2014	Res-Com	Pest Control	104-432-300-200	99.00
054943	02/13/2014	Res-Com	Pest Control	104-432-300-200	33.00
054943	02/13/2014	Res-Com	Pest Control	104-432-320-200	33.00
054943	02/13/2014	Res-Com	Pest Control	120-435-300-200	33.00
054943	02/13/2014	Res-Com	Pest Control	105-437-300-200	33.00
054943	02/13/2014	Res-Com	Pest Control	104-432-300-200	99.00
				<b>Warrant Total:</b>	<b>429.00</b>
054944	02/13/2014	Richard's Chevrolet	Vehicle Mntce	104-421-300-260	45.00
				<b>Warrant Total:</b>	<b>45.00</b>
054945	02/13/2014	Safety-Kleen Systems, Inc	Machine Service	104-433-300-200	334.78

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
054946	02/13/2014	Juan Saldana	Per Diem/Animal Care Conf	104-421-300-270	334.78
Warrant Total:					202.00
054947	02/13/2014	San Diego Police Equipment Co	Ammunition	104-421-300-210	202.00
Warrant Total:					2,160.19
054948	02/13/2014	Sawtelle & Rosprim Industrial	Supplies	104-412-300-210	21.42
054948	02/13/2014	Sawtelle & Rosprim Industrial	Supplies	104-433-300-210	26.16
054948	02/13/2014	Sawtelle & Rosprim Industrial	Supplies	109-434-300-210	33.22
054948	02/13/2014	Sawtelle & Rosprim Industrial	Supplies	120-435-300-210	734.23
054948	02/13/2014	Sawtelle & Rosprim Industrial	Supplies	120-435-300-260	17.88
054948	02/13/2014	Sawtelle & Rosprim Industrial	Supplies	105-437-300-210	130.20
Warrant Total:					963.11
054949	02/13/2014	Sawtelle Rosprim Machine Shop	Fabricated Parts/Repairs	120-435-300-140	389.48
054949	02/13/2014	Sawtelle Rosprim Machine Shop	Fabricated Parts/Repairs	120-435-300-140	48.75
054949	02/13/2014	Sawtelle Rosprim Machine Shop	Fabricated Parts/Repairs	120-435-300-140	848.97
Warrant Total:					1,287.20
054950	02/13/2014	SC Communications, Inc	Radio Mtntce	104-421-300-141	102.00
Warrant Total:					102.00
054951	02/13/2014	Shell Fleet Plus	Fuel	104-407-300-250	153.63
054951	02/13/2014	Shell Fleet Plus	Fuel	145-410-300-250	2,223.79
054951	02/13/2014	Shell Fleet Plus	Fuel	104-412-300-250	104.27
054951	02/13/2014	Shell Fleet Plus	Fuel	104-421-300-250	3,282.19
054951	02/13/2014	Shell Fleet Plus	Fuel	104-431-300-250	153.21
054951	02/13/2014	Shell Fleet Plus	Fuel	109-434-300-250	432.03
054951	02/13/2014	Shell Fleet Plus	Fuel	112-438-300-250	496.70
054951	02/13/2014	Shell Fleet Plus	Fuel	120-435-300-250	1,053.03
054951	02/13/2014	Shell Fleet Plus	Fuel	121-439-300-250	72.54
054951	02/13/2014	Shell Fleet Plus	Fuel	105-437-300-250	1,380.36
Warrant Total:					9,351.75
054952	02/13/2014	Reuben Shortnacy	Per Diem/CPCA Symposium	104-421-300-270	156.00
Warrant Total:					156.00
054953	02/13/2014	Staples Business Advantage	Supplies	104-421-300-150	63.68
054953	02/13/2014	Staples Business Advantage	Supplies	104-421-300-150	63.68
Warrant Total:					127.36
054954	02/13/2014	Sun Badge Co	Supplies	104-421-300-210	185.34
054954	02/13/2014	Sun Badge Co	Supplies	104-421-300-210	184.76
Warrant Total:					370.10
054955	02/13/2014	Swanson's Hydraulic Machine	Part	120-435-300-210	35.53

Vouch No	Wmnt Date	Vendor	Description	Account Number	Amount
054956	02/13/2014	Tesco Controls, Inc	Repairs	120-435-300-140	35.53
Warrant Total:					375.00
054957	02/13/2014	TF Tire & Service	Tires & Repairs	104-421-300-260	28.00
054957	02/13/2014	TF Tire & Service	Tires & Repairs	104-421-300-260	138.86
Warrant Total:					166.86
054958	02/13/2014	The Gas Company	Utilities	104-432-300-242	172.39
054958	02/13/2014	The Gas Company	Utilities	104-432-300-242	348.95
054958	02/13/2014	The Gas Company	Utilities	120-435-300-242	359.35
Warrant Total:					880.69
054959	02/13/2014	Toshiba Financial Services	Copier Rental	104-421-300-180	386.32
Warrant Total:					386.32
054961	02/13/2014	Turnupseed Electric Svc Inc	Non Potable Motor	120-435-300-140	1,141.04
054961	02/13/2014	Turnupseed Electric Svc Inc	Service Work/Time Meters	120-435-300-140	1,197.68
054961	02/13/2014	Turnupseed Electric Svc Inc	Service Work/Non Potable Water System	120-435-300-140	251.20
054961	02/13/2014	Turnupseed Electric Svc Inc	Service Work/Irrigation Pump 2	120-435-300-140	2,633.68
Warrant Total:					5,223.60
054960	02/13/2014	Tule Trash Company	Dump Fees	112-436-300-192	4,412.15
054960	02/13/2014	Tule Trash Company	Contract	112-436-300-200	106,137.88
054960	02/13/2014	Tule Trash Company	Franchise Fee	112-436-316-023	-7,429.65
054960	02/13/2014	Tule Trash Company	KWRA Tickets Charged to City,s/b Tule	112-436-300-200	-605.25
054960	02/13/2014	Tule Trash Company	Franchise Fees/Roll-offs/November	112-436-316-023	-1,228.14
054960	02/13/2014	Tule Trash Company	Prison Roll-offs/CSTF/December	112-436-300-200	763.80
054960	02/13/2014	Tule Trash Company	Prison Roll-offs/CSP/December	112-436-300-200	1,426.35
Warrant Total:					103,477.34
054962	02/13/2014	Univar USA Inc	Sodium Hypochlorite	105-437-300-219	4,281.92
Warrant Total:					4,281.92
054963	02/13/2014	Verizon California	Telephone Service	136-415-300-220	43.78
054963	02/13/2014	Verizon California	Telephone Service	104-421-300-220	1,013.58
054963	02/13/2014	Verizon California	Telephone Service	104-432-320-220	52.29
054963	02/13/2014	Verizon California	Telephone Service	104-432-300-220	89.47
054963	02/13/2014	Verizon California	Telephone Service	104-432-300-220	1,186.35
054963	02/13/2014	Verizon California	Telephone Service	120-435-300-220	170.61
054963	02/13/2014	Verizon California	Telephone Service	105-437-300-220	273.82
Warrant Total:					2,829.90
054964	02/13/2014	Wait's Auto Parts	Parts	145-410-300-260	48.66
054964	02/13/2014	Wait's Auto Parts	Parts	120-435-300-140	4.64
054964	02/13/2014	Wait's Auto Parts	Parts	120-435-300-210	20.18

Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
054965	02/13/2014	Wright's Electric	Lamps	104-432-300-210	73.48
054965	02/13/2014	Wright's Electric	Repairs	104-432-300-140	224.46
				<b>Warrant Total:</b>	140.00
				<b>Warrant Total:</b>	364.46

54838  
54839  
54840

01/31/2014  
02/03/2014  
02/03/2014

RUIZNUNE  
DEOFWARE  
SHERWTR

Soledad Ruiz-Nunez  
Dept of Water Resources  
Teresa Sherwood

CHECK TOTAL:

\$5,210.47

Amount	541.24	000000
Voucher	541.24	000000
	4,593.49	000000
	75.74	000000
	-----	
	\$5,210.47	

*Joyce A. Venegas*

Joyce A. Venegas, Finance/Director

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
104	General	50,669.24
105	Water Fund	77,176.55
109	Gas Taxes	6,008.71
111	Assessments	501.60
112	Refuse Fund	111,898.56
114	Suppl Law Enforce Svcs Fund	26.85
120	Wastewater/Sanitary Sewer	39,420.50
121	Wastewater/Storm Drain	659.75
136	RAO Operations	108.94
145	Transit	10,027.14
178	State Program Income	221.04
274	12-STBG-	119.91
301	Housing Authority	244.97
304	Genl Long-Term Debt Group	319.45
311	City as Successor RDA	115.00
	<b>Report Total:</b>	<b>297,518.21</b>

# Accounts Payable Voucher Approval List

User: bjh  
Printed: 02/06/2014-11:43



Vouch No	Wrnt Date	Vendor	Description	Account Number	Amount
054842	02/06/2014	SAUL CARREON	Refund check	105-000-202-010	10.77
Warrant Total:					10.77
054845	02/06/2014	CHARLES RICHARD	Refund check	105-000-202-010	2.61
Warrant Total:					2.61
054844	02/06/2014	CANDELARIA OCHOA-SANDOVAL	Refund check	105-000-202-010	16.43
Warrant Total:					16.43
054846	02/06/2014	VICTOR SOLIS	Refund check	105-000-202-010	19.68
Warrant Total:					19.68
054841	02/06/2014	JAQUELIN BAUTISTA	Refund check	105-000-202-010	100.00
Warrant Total:					100.00
054847	02/06/2014	EDGAR VARGAS	Refund check	105-000-202-010	4.84
Warrant Total:					4.84
054843	02/06/2014	ELIZABETH ISLAS	Refund check	105-000-202-010	51.69
Warrant Total:					51.69

*Joyce A. Venegas*

..... Joyce A. Venegas, Finance Director .....

Fund  
105

Description  
Water Fund

Amount  
206.02

**Report Total:**

-----  
206.02

City of

# CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

## PRESENTATIONS

ITEM: #4A

### MEMO

TO: Corcoran City Council

FROM: Joyce A. Venegas, Finance Director

DATE: February 13, 2014      MEETING DATE: February 18, 2014

SUBJECT: Presentation of audit report for FYE 6/30/13

#### Recommendation: (Voice Vote)

Move to accept the audit reports for the City for the fiscal year ended 6/30/13 as prepared by Price, Paige & Company.

#### Discussion:

Fausto Hinjosa 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)



January 17, 2014

To the 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) for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 7, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 9, the City changed accounting policies related to financial reporting by adopting Governmental Accounting Standards (GASB Statement) No. 63 *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* in fiscal year 2013. All significant transactions have been recognized in the financial statements in the proper period. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the City. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of allowance for doubtful accounts is based on an evaluation of collectability primarily focused on past due accounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

677 Scott Avenue  
Clovis, CA 93612

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fax 559.299.2344

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 17, 2014.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

*Price Pange & Company*

To view a copy of the

**Financial Statements  
For the Year Ending  
June 30, 2013**

Please contact:

**Joyce Venegas  
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/cityhall/finance/accounting.asp>**

**click on Financial Statements 2012/13**

**CITY OF CORCORAN  
CALIFORNIA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2013**

**CITY OF CORCORAN  
JUNE 30, 2013**

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**CITY OF CORCORAN  
JUNE 30, 2013**

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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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above 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 of Corcoran, California, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

677 Scott Avenue  
Clovis, CA 93612

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**Emphasis of Matter**

As described in Note 9 to the financial statements, effective July 1, 2012, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 recognizes certain amounts that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflow of resources on the statement of net position. Our opinion is not modified with respect to these matters.

**Other Matters**

*Required Supplementary Information*

Management has omitted the management’s discussion and analysis that 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 schedule of funding progress on page 58 and budgetary comparison information on pages 59-62 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2014, 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* in considering the City’s internal control over financial reporting and compliance.

*Price Pange & Company*

Clovis, California  
January 17, 2014

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF CORCORAN  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments:			
Unrestricted	\$ 4,490,536	\$ 7,507,525	\$ 11,998,061
Restricted	-	69,706	69,706
Cash with fiscal agent - restricted	76,506	731,518	808,024
Receivables	4,340,998	2,057,784	6,398,782
Prepaid expenses	65,948	17,656	83,604
Deposits	182,251	-	182,251
Property held for resale	2,102,299	-	2,102,299
Due from Successor Agency	88,313	-	88,313
Capital assets:			
Non-depreciable	1,287,089	1,854,720	3,141,809
Depreciable, net of accumulated depreciation	<u>10,077,032</u>	<u>26,890,617</u>	<u>36,967,649</u>
Total assets	<u>22,710,972</u>	<u>39,129,526</u>	<u>61,840,498</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derivative instrument - interest rate swap	-	<u>3,037,308</u>	<u>3,037,308</u>
Total deferred outflows of resources	-	<u>3,037,308</u>	<u>3,037,308</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 257,952	\$ 504,104	762,056
Deposits	57,843	-	57,843
Interest payable	-	81,544	81,544
Unearned revenues	3,685,183	-	3,685,183
Noncurrent liabilities:			
Due within one year:			
Note payable	-	94,760	94,760
Certificate of participation	50,000	600,000	650,000
Compensated absences	202,146	27,426	229,572
Due in more than one year:			
Note payable	-	367,545	367,545
Certificate of participation	200,000	21,419,761	21,619,761
Compensated absences	<u>221,001</u>	<u>6,319</u>	<u>227,320</u>
Total liabilities	<u>4,674,125</u>	<u>23,101,459</u>	<u>27,775,584</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Derivative instrument - interest rate swap	-	<u>3,037,308</u>	<u>3,037,308</u>
Total deferred inflows of resources	-	<u>3,037,308</u>	<u>3,037,308</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,114,121	6,263,271	17,377,392
Restricted for:			
Debt service	86,724	801,224	887,948
Community development	333,566	-	333,566
Public safety	176,249	-	176,249
Transportation and streets	2,158,959	-	2,158,959
Parks and recreation	49,977	-	49,977
Unrestricted	<u>4,117,251</u>	<u>8,963,572</u>	<u>13,080,823</u>
Total net position	<u>\$ 18,036,847</u>	<u>\$ 16,028,067</u>	<u>\$ 34,064,914</u>

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, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS:</b>							
Governmental activities:							
General government	\$ 786,712	\$ -	\$ -	\$ -	\$ (786,712)	\$ -	\$ (786,712)
Community development	1,776,515	52,693	858,427	-	(865,395)	-	(865,395)
Public safety	3,844,922	28,188	218,628	-	(3,598,106)	-	(3,598,106)
Public works	956,130	-	716,673	6,456	(233,001)	-	(233,001)
Parks and recreation	416,188	-	-	-	(416,188)	-	(416,188)
Interest on long-term debt	25,156	-	-	-	(25,156)	-	(25,156)
<b>Total governmental activities</b>	<b>7,805,623</b>	<b>80,881</b>	<b>1,793,728</b>	<b>6,456</b>	<b>(5,924,558)</b>	<b>-</b>	<b>(5,924,558)</b>
Business-type activities:							
Water	4,653,913	4,465,387	-	-	-	(188,526)	(188,526)
Sewer	1,130,619	1,020,918	-	-	-	(109,701)	(109,701)
Refuse	1,655,061	1,648,247	-	-	-	(6,814)	(6,814)
Storm drain	354,124	304,584	-	-	-	(49,540)	(49,540)
Transit	774,289	72,611	1,393,322	-	-	691,644	691,644
<b>Total business-type activities</b>	<b>8,568,006</b>	<b>7,511,747</b>	<b>1,393,322</b>	<b>-</b>	<b>-</b>	<b>337,063</b>	<b>337,063</b>
<b>Total</b>	<b>\$ 16,373,629</b>	<b>\$ 7,592,628</b>	<b>\$ 3,187,050</b>	<b>\$ 6,456</b>	<b>(5,924,558)</b>	<b>337,063</b>	<b>(5,587,495)</b>
General revenues:							
Taxes:							
Property taxes					616,486	-	616,486
Sales and use taxes					1,148,167	-	1,148,167
Franchise taxes					242,704	-	242,704
Other taxes					163,538	-	163,538
Motor vehicle in-lieu					2,118,981	-	2,118,981
Investment income					11,802	(34,282)	(22,480)
Rental income					327,827	48,251	376,078
Miscellaneous					233,543	569,612	803,155
<b>Total general revenues and transfers</b>					<b>4,863,048</b>	<b>583,581</b>	<b>5,446,629</b>
<b>Change in net position</b>					<b>(1,061,510)</b>	<b>920,644</b>	<b>(140,866)</b>
<b>Net position - beginning</b>					<b>19,129,251</b>	<b>15,912,297</b>	<b>35,041,548</b>
<b>Prior period adjustments</b>					<b>(30,894)</b>	<b>(804,874)</b>	<b>(835,768)</b>
<b>Net position - beginning, restated</b>					<b>19,098,357</b>	<b>15,107,423</b>	<b>34,205,780</b>
<b>Net position - ending</b>					<b>\$ 18,036,847</b>	<b>\$ 16,028,067</b>	<b>\$ 34,064,914</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, 2013**

	General Fund	Housing Authority Special Revenue Fund	Community Development Block Grant Special Revenue Fund	Home Program Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments:						
Unrestricted	\$ 1,878,792	\$ 14,414	\$ 132,890	\$ 260,812	\$ 2,203,628	\$ 4,490,536
Cash with fiscal agent:						
Restricted	-	-	-	-	76,506	76,506
Receivables	260,141	176,332	1,258,363	2,320,661	325,501	4,340,998
Due from Successor Agency	88,313	-	-	-	-	88,313
Prepaid expenses	61,101	-	51	-	4,794	65,946
Deposits	182,251	-	-	-	-	182,251
Property held for resale	2,102,299	-	-	-	-	2,102,299
<b>Total assets</b>	<b>\$ 4,572,897</b>	<b>\$ 190,746</b>	<b>\$ 1,391,304</b>	<b>\$ 2,581,473</b>	<b>\$ 2,610,429</b>	<b>\$ 11,346,849</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 156,452	\$ -	\$ 5,779	\$ 68,360	\$ 27,358	\$ 257,949
Deposits	57,143	700	-	-	-	57,843
<b>Total liabilities</b>	<b>213,595</b>	<b>700</b>	<b>5,779</b>	<b>68,360</b>	<b>27,358</b>	<b>315,792</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues	16,887	176,325	1,258,208	2,320,588	115,011	3,887,019
<b>Total deferred inflows of resources</b>	<b>16,887</b>	<b>176,325</b>	<b>1,258,208</b>	<b>2,320,588</b>	<b>115,011</b>	<b>3,887,019</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid expenses	61,101	-	-	-	-	61,101
Property held for resale	2,102,299	-	-	-	-	2,102,299
Restricted for:						
Debt service	-	-	-	-	86,724	86,724
Unreserved:						
Community development	-	13,721	127,317	192,525	3	333,566
Public safety	-	-	-	-	176,249	176,249
Transportation and streets	-	-	-	-	2,158,959	2,158,959
Parks and recreation	-	-	-	-	49,977	49,977
Unassigned	2,179,015	-	-	-	(3,852)	2,175,163
<b>Total fund balances</b>	<b>4,342,415</b>	<b>13,721</b>	<b>127,317</b>	<b>192,525</b>	<b>2,468,060</b>	<b>7,144,038</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,572,897</b>	<b>\$ 190,746</b>	<b>\$ 1,391,304</b>	<b>\$ 2,581,473</b>	<b>\$ 2,610,429</b>	<b>\$ 11,346,849</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 POSITION**  
**JUNE 30, 2013**

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

Total fund balances - total governmental funds	\$ 7,144,038
Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds.	11,364,121
Long-term liabilities were not due and payable in the current period; therefore, they are not reported in the governmental funds.	(673,147)
Other long-term assets are not available to pay for current period expenditures; therefore, they are unavailable in the governmental funds.	<u>201,835</u>
Net position of governmental activities	<u>\$ 18,036,847</u>

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

**CITY OF CORCORAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Housing Authority Special Revenue Fund	Community Development Block Grant Special Revenue Fund	Home Program Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 588,939	\$ -	\$ -	\$ -	\$ 9,204	\$ 598,143
Other taxes	1,435,075	-	-	-	-	1,435,075
Licenses and permits	109,395	-	-	-	-	109,395
Intergovernmental revenues	2,226,872	-	-	-	714,245	2,941,117
Charges for services	78,171	-	-	-	-	78,171
Fines and penalties	26,544	-	-	-	1,091	27,635
Use of money and property	441,205	19,806	137	692	81,382	543,222
Grant drawdowns	41,395	-	249,080	312,463	178,782	781,720
Loan repayments	-	8,566	158,000	133,212	11,592	311,370
Miscellaneous	96,914	811	15,919	32,130	37,483	183,257
<b>Total revenues</b>	<u>5,044,510</u>	<u>29,183</u>	<u>423,136</u>	<u>478,497</u>	<u>1,033,779</u>	<u>7,009,105</u>
<b>EXPENDITURES</b>						
Current:						
General government	640,069	-	-	-	13,987	654,056
Community development	-	1,227,413	380,560	319,218	1,440	1,928,631
Public safety	3,623,763	-	-	-	62,721	3,686,484
Public works	230,247	-	-	-	524,377	754,624
Parks and recreation	310,893	-	-	-	41,659	352,552
Capital outlay:						
General government	8,198	-	-	-	-	8,198
Public safety	3,097	-	-	-	85,434	88,531
Public works	-	-	-	-	102,134	102,134
Parks and recreation	-	-	-	-	12,788	12,788
Debt service:						
Principal retirement	-	-	-	-	50,000	50,000
Interest and fiscal charges	-	-	-	-	25,156	25,156
<b>Total expenditures</b>	<u>4,816,267</u>	<u>1,227,413</u>	<u>380,560</u>	<u>319,218</u>	<u>919,696</u>	<u>7,663,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>228,243</u>	<u>(1,198,230)</u>	<u>42,576</u>	<u>159,279</u>	<u>114,083</u>	<u>(654,049)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	433,873	-	250,965	-	-	684,838
Operating transfers out	(333,173)	-	(185,705)	-	(165,960)	(684,838)
<b>Total other financing sources (uses)</b>	<u>100,700</u>	<u>-</u>	<u>65,260</u>	<u>-</u>	<u>(165,960)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>328,943</u>	<u>(1,198,230)</u>	<u>107,836</u>	<u>159,279</u>	<u>(51,877)</u>	<u>(654,049)</u>
Fund balances - beginning	4,019,651	1,211,951	19,481	33,246	2,519,937	7,804,266
Prior period adjustment	(6,179)	-	-	-	-	(6,179)
Fund balances - beginning, as restated	<u>4,013,472</u>	<u>1,211,951</u>	<u>19,481</u>	<u>33,246</u>	<u>2,519,937</u>	<u>7,798,087</u>
<b>Fund balances - ending</b>	<u>\$ 4,342,415</u>	<u>\$ 13,721</u>	<u>\$ 127,317</u>	<u>\$ 192,525</u>	<u>\$ 2,468,060</u>	<u>\$ 7,144,038</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, 2013**

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

Net change in fund balances - total governmental funds	\$	(654,049)
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is capitalized. This is the amount of capital assets recorded.		249,042
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.		(544,012)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is an increase in net position.		1,275
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.		(56,287)
Other long-term assets are not available to pay for current period expenditures; therefore, they are unavailable in the governmental funds.		(107,479)
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 position. 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>50,000</u>
Change in net position of governmental activities	\$	<u>(1,061,510)</u>

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## ENTERPRISE FUNDS

**CITY OF CORCORAN  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
JUNE 30, 2013**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents:						
Unrestricted	\$ 5,714,613	\$ 636,907	\$ 158,021	\$ 822,233	\$ 175,751	\$ 7,507,525
Restricted	69,706	-	-	-	-	69,706
Cash with fiscal agent - restricted	731,518	-	-	-	-	731,518
Receivables	699,191	212,303	290,341	795,378	60,571	2,057,784
Prepays	4,373	5,723	1,934	4,990	636	17,656
Due from other funds	-	20,815	24,633	-	3,818	49,266
Total current assets	<u>7,219,401</u>	<u>875,748</u>	<u>474,929</u>	<u>1,622,601</u>	<u>240,776</u>	<u>10,433,455</u>
Noncurrent assets:						
Advances to other funds	373,900	-	-	-	-	373,900
Capital assets:						
Nondepreciable	1,527,017	281,050	-	-	46,653	1,854,720
Depreciable, net of accumulated depreciation	<u>21,665,509</u>	<u>2,704,321</u>	<u>2,379</u>	<u>733,986</u>	<u>1,784,422</u>	<u>26,890,617</u>
Total noncurrent assets	<u>23,566,426</u>	<u>2,985,371</u>	<u>2,379</u>	<u>733,986</u>	<u>1,831,075</u>	<u>29,119,237</u>
Total assets	<u>30,785,827</u>	<u>3,861,119</u>	<u>477,308</u>	<u>2,356,587</u>	<u>2,071,851</u>	<u>39,552,692</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Derivative instrument - interest rate swap	<u>3,037,308</u>	-	-	-	-	<u>3,037,308</u>
Total deferred outflows of resources	<u>3,037,308</u>	-	-	-	-	<u>3,037,308</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	322,797	65,364	104,901	8,199	2,839	504,100
Interest payable	81,544	-	-	-	-	81,544
Due to other funds	49,266	-	-	-	-	49,266
Compensated absences	11,936	8,835	847	4,826	982	27,426
Certificates of participation	600,000	-	-	-	-	600,000
Notes payable	<u>61,111</u>	<u>33,649</u>	-	-	-	<u>94,760</u>
Total current liabilities	<u>1,126,654</u>	<u>107,848</u>	<u>105,748</u>	<u>13,025</u>	<u>3,821</u>	<u>1,357,096</u>
Noncurrent liabilities:						
Compensated absences	6,319	-	-	-	-	6,319
Advances from other funds	-	-	-	-	373,900	373,900
Certificates of participation	21,419,761	-	-	-	-	21,419,761
Notes payable	<u>326,386</u>	<u>41,159</u>	-	-	-	<u>367,545</u>
Total noncurrent liabilities	<u>21,752,466</u>	<u>41,159</u>	-	-	<u>373,900</u>	<u>22,167,525</u>
Total liabilities	<u>22,879,120</u>	<u>149,007</u>	<u>105,748</u>	<u>13,025</u>	<u>377,721</u>	<u>23,524,621</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Derivative instrument - interest rate swap	<u>3,037,308</u>	-	-	-	-	<u>3,037,308</u>
Total deferred inflows of resources	<u>3,037,308</u>	-	-	-	-	<u>3,037,308</u>
<b>NET POSITION</b>						
Net investment in capital assets	785,268	2,910,563	2,379	733,986	1,831,075	6,263,271
Restricted for:						
Debt service	801,224	-	-	-	-	801,224
Unrestricted	<u>6,320,215</u>	<u>801,549</u>	<u>369,181</u>	<u>1,609,576</u>	<u>(136,945)</u>	<u>8,963,576</u>
Total net position	<u>\$ 7,906,707</u>	<u>\$ 3,712,112</u>	<u>\$ 371,560</u>	<u>\$ 2,343,562</u>	<u>\$ 1,694,130</u>	<u>\$ 16,028,071</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 POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 4,465,247	\$ 1,020,918	\$ 1,648,247	\$ 72,611	\$ 304,284	\$ 7,511,307
Connection fees	140	-	-	-	300	440
Total operating revenues	<u>4,465,387</u>	<u>1,020,918</u>	<u>1,648,247</u>	<u>72,611</u>	<u>304,584</u>	<u>7,511,747</u>
<b>OPERATING EXPENSES:</b>						
Personnel costs	422,214	289,895	58,066	297,371	31,583	1,099,129
Maintenance and supplies	1,711,286	393,555	1,416,221	68,555	28,081	3,617,698
Depreciation and amortization	1,278,705	277,603	2,658	70,195	92,859	1,722,020
Administrative and allocated costs	<u>296,238</u>	<u>165,227</u>	<u>178,117</u>	<u>338,169</u>	<u>201,601</u>	<u>1,179,352</u>
Total operating expenses	<u>3,708,443</u>	<u>1,126,280</u>	<u>1,655,062</u>	<u>774,290</u>	<u>354,124</u>	<u>7,618,199</u>
Operating income (loss)	<u>756,944</u>	<u>(105,362)</u>	<u>(6,815)</u>	<u>(701,679)</u>	<u>(49,540)</u>	<u>(106,452)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest income	(45,600)	1,972	439	1,843	464	(40,882)
Rental income	44,651	6,600	-	3,600	-	54,851
Grants	-	-	-	785,186	-	785,186
Capital contributions	8,061	19,856	-	-	300	28,217
Intergovernmental	-	-	-	608,136	-	608,136
Other income	530,015	10,585	312	416	67	541,395
Interest and fiscal charges	<u>(945,466)</u>	<u>(4,337)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(949,803)</u>
Total nonoperating revenues (expenses)	<u>(408,339)</u>	<u>34,676</u>	<u>751</u>	<u>1,399,181</u>	<u>831</u>	<u>1,027,100</u>
Change in net position	<u>348,605</u>	<u>(70,686)</u>	<u>(6,064)</u>	<u>697,502</u>	<u>(48,709)</u>	<u>920,648</u>
Net position - beginning	8,362,977	3,782,798	377,624	1,646,060	1,742,839	15,912,298
Prior period adjustment	<u>(804,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(804,875)</u>
Net position - beginning, as restated	<u>7,558,102</u>	<u>3,782,798</u>	<u>377,624</u>	<u>1,646,060</u>	<u>1,742,839</u>	<u>15,107,423</u>
Net position - ending	<u>\$ 7,906,707</u>	<u>\$ 3,712,112</u>	<u>\$ 371,560</u>	<u>\$ 2,343,562</u>	<u>\$ 1,694,130</u>	<u>\$ 16,028,071</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, 2013**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Cash flows from operating activities:						
Cash received from customers	\$ 4,470,538	\$ 1,023,440	\$ 1,653,864	\$ 72,611	\$ 305,351	\$ 7,525,804
Cash received from other	-	(12,901)	-	-	-	(12,901)
Cash payments to suppliers for goods and services	(1,718,187)	(386,323)	(1,422,816)	(411,372)	(31,383)	(3,970,081)
Cash payments to employees for services	(419,774)	(289,649)	(57,635)	(296,203)	(31,555)	(1,094,816)
Cash payments to other funds for allocated costs	(301,966)	(162,811)	(175,254)	-	(201,157)	(841,188)
Net cash provided (used) by operating activities	<u>2,030,611</u>	<u>171,756</u>	<u>(1,841)</u>	<u>(634,964)</u>	<u>41,256</u>	<u>1,606,818</u>
Cash flows from noncapital financing activities:						
Proceeds from nonoperating revenues	<u>44,651</u>	<u>6,600</u>	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>54,851</u>
Net cash provided (used) by noncapital financing activities	<u>44,651</u>	<u>6,600</u>	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>54,851</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(789,241)	4,602	-	(20,921)	-	(805,560)
Principal payment	(1,629,527)	(32,480)	-	-	-	(1,662,007)
Interfund loan repayment	-	-	-	-	-	-
Grants	-	-	-	242,459	-	242,459
Intergovernmental	-	-	-	608,552	-	608,552
Capital contributions	8,061	19,856	-	-	300	28,217
Other receipts	512,027	10,585	9,066	-	67	531,745
Interest and fiscal charges	(1,024,997)	(4,337)	-	-	-	(1,029,334)
Short-term borrowing	-	-	-	-	-	-
Lease payments	-	-	-	-	-	-
Bond issuance costs	(242,852)	-	-	-	-	(242,852)
Bond discount	86,837	-	-	-	-	86,837
Net cash provided (used) by capital and related financing activities	<u>(3,079,692)</u>	<u>(1,774)</u>	<u>9,066</u>	<u>830,090</u>	<u>367</u>	<u>(2,241,943)</u>
Cash flows from investing activities:						
Interest on investments	<u>(45,021)</u>	<u>2,166</u>	<u>456</u>	<u>2,585</u>	<u>476</u>	<u>(39,338)</u>
Net cash provided (used) by investing activities	<u>(45,021)</u>	<u>2,166</u>	<u>456</u>	<u>2,585</u>	<u>476</u>	<u>(39,338)</u>
Increase (decrease) in cash and cash equivalents	(1,049,451)	178,748	7,681	201,311	42,099	(619,612)
Cash and cash equivalents, July 1	<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>
Cash and cash equivalents, June 30	<u>\$ 6,515,837</u>	<u>\$ 636,907</u>	<u>\$ 158,021</u>	<u>\$ 822,233</u>	<u>\$ 175,751</u>	<u>\$ 8,308,749</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, 2013**

**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)	\$ 756,944	\$ (105,362)	\$ (6,815)	\$ (701,679)	\$ (49,540)	\$ (106,452)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,218,345	277,603	2,658	70,195	92,859	1,661,660
Amortization	60,360	-	-	-	-	60,360
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable, net	5,151	2,524	5,615	-	767	14,057
(Increase) decrease in other receivables	-	(12,901)	-	-	-	(12,901)
(Increase) decrease in due from other funds	-	2,418	2,862	-	444	5,724
(Increase) decrease in prepaids	(4,373)	(5,723)	(1,934)	(4,990)	(636)	(17,656)
Increase (decrease) in accounts payable	(2,532)	12,953	(4,658)	342	(2,666)	3,439
Increase (decrease) in due to other funds	(5,724)	-	-	-	-	(5,724)
Increase (decrease) in compensated absences	2,440	244	431	1,168	28	4,311
Net cash provided (used) by operating activities	<u>\$ 2,030,611</u>	<u>\$ 171,756</u>	<u>\$ (1,841)</u>	<u>\$ (634,964)</u>	<u>\$ 41,256</u>	<u>\$ 1,606,818</u>

**Reconciliation of Cash to Balance Sheet**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Cash and cash equivalents:						
Unrestricted	\$ 5,714,613	\$ 636,907	\$ 158,021	\$ 822,233	\$ 175,751	\$ 7,507,525
Restricted	69,706	-	-	-	-	69,706
Cash with fiscal agent - restricted	<u>731,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731,518</u>
	<u>\$ 6,515,837</u>	<u>\$ 636,907</u>	<u>\$ 158,021</u>	<u>\$ 822,233</u>	<u>\$ 175,751</u>	<u>\$ 8,308,749</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 POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

	Agency Funds	RDA Successor Agency Trust Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash	\$ 18,467	\$ 298,306
Cash with fiscal agent	-	313,008
Receivables:		
Interest	88	-
Notes	1,135,596	-
Capital assets, net	<u>-</u>	<u>3,419,552</u>
 Total assets	 <u>\$ 1,154,151</u>	 <u>\$ 4,030,866</u>
 <b>LIABILITIES</b>		
Due to City of Corcoran	\$ -	\$ 88,313
Bond payable	-	3,319,546
Due to other agencies	<u>1,154,151</u>	<u>-</u>
 Total liabilities	 <u>1,154,151</u>	 <u>3,407,859</u>
 <b>NET POSITION</b>		
Held in trust	<u>\$ -</u>	<u>\$ 623,007</u>

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

**CITY OF CORCORAN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	RDA Successor Agency Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 796,989
Total additions	796,989
<b>DEDUCTIONS</b>	
Planning and community development	136,307
Depreciation	126,019
Amortization	12,161
Interest	166,668
Total deductions	441,155
Change in net position	355,834
Net position - beginning	267,173
Net position - ending	\$ 623,007

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

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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 unit, which is the Corcoran Public Financing Authority (the Authority). As further described in Note 16, the Redevelopment 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 unit (the Authority), an entity for which the City is considered to be financially accountable. The Authority, although a legally separate entity is, in substance, part of the City's operations. Further, the council has significant influence over the operations of the Authority and data from this component unit is combined with data of the primary government. The Authority has a June 30 year-end. No separate annual financial statements are prepared for the Authority.

**Blended Component Unit**

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.

**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 position and the statement of activities display information about the primary government (the City) and its component unit. 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.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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 position 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 position and changes in net position 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.

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 **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 **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 **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.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Basis of Presentation (Continued)**

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, 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.

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 position and a statement of changes in fiduciary net position. 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 position and does not present a statement of changes in fiduciary net position. 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.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**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.

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 nonoperating 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 non-exchange 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 Net Position**

**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.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Assets, Liabilities and Net Position (Continued)**

**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.

**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 unearned 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.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Assets, Liabilities and Net Position (Continued)**

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.

**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

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 stationery 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.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Assets, Liabilities and Net Position (Continued)**

**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.

**Unearned Revenue**

Unearned 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 intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

**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 position. Bond premiums and discounts 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 expensed immediately.

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.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Assets, Liabilities and Net Position (Continued)**

**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.

**Classification of Net Position**

In the government-wide financial statements, net position is classified in the following categories:

***Net investment in capital assets*** – This category groups all capital assets, including infrastructure, into one component of net position. 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 position*** – 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 position*** – This category represents the net position of the City, which is not restricted for any project or other purpose.

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

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Assets, Liabilities and Net Position (Continued)**

**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:

- Nondisposable: 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.
- 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.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**New Pronouncements**

***Government Accounting Standards Board Statement No. 69***

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2015.

***Government Accounting Standards Board Statement No. 70***

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2014.

**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, 2013 is as follows:

Cash on hand	\$ 1,350
Deposits with financial institutions	1,348,196
Investments	<u>12,156,025</u>
Total cash and investments	<u><u>\$ 13,505,571</u></u>
Government-Wide:	
Statement of Net Position:	
Cash and investments	\$ 12,067,767
Cash with fiscal agent	808,024
Fiduciary Funds:	
Statement of Net Position:	
Cash and investments	<u>629,780</u>
Total cash and investments	<u><u>\$ 13,505,571</u></u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 2 – CASH AND INVESTMENTS**

**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 Small business administration loans
Negotiable certificates of deposit	Repurchase agreements
Bankers' acceptances	Reverse repurchase agreements
Commercial paper	

**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.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**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.

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	\$ 11,678,730	\$ 11,678,730	\$ -	\$ -	\$ -
RMA investment pool	134,245	134,245	-	-	-
Held by bond trustee:					
Money market funds	<u>343,050</u>	<u>343,050</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,156,025</u>	<u>\$ 12,156,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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	\$ 11,678,730	\$ -	\$ -	\$ -	\$ 11,678,730
RMA investment pool	134,245	-	-	-	134,245
Held by bond trustee:					
Money market funds	<u>343,050</u>	<u>-</u>	<u>-</u>	<u>343,050</u>	<u>-</u>
Total	<u>\$ 12,156,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,050</u>	<u>\$ 11,812,975</u>

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**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.

**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, 2013, the carrying amount of the City's bank deposits was \$1,348,198, and the respective bank balances totaled \$951,554. All bank balances were insured through the Federal Depository Insurance Company (FDIC). Of the total bank balance, \$250,000 was insured through the Federal Depository Insurance Company (FDIC). The remaining \$1,098,198 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, 2013 balance was \$11,678,730. 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, 2013**

**NOTE 3 – RECEIVABLES**

Receivables as of June 30, 2013 consisted of the following for the governmental funds:

	General Fund	Housing Authority Special Revenue Fund	Community Development Block Grant Special Revenue Fund	Home Program Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Receivables:						
Taxes	\$ 30,965	\$ -	\$ -	\$ -	\$ 193,877	\$ 224,842
Grants	-	-	144,867	-	-	144,867
Interest	791	69,501	112,411	494,867	1,573	679,143
Other	228,385	-	13,920	-	41,516	283,821
Notes	-	106,831	987,165	1,825,794	88,535	3,008,325
Receivables, net	<u>\$ 260,141</u>	<u>\$ 176,332</u>	<u>1,258,363</u>	<u>\$ 2,320,661</u>	<u>\$ 325,501</u>	<u>\$ 4,340,998</u>

Receivables as of June 30, 2013 consisted of the following for the enterprise funds:

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Receivables:						
Accounts	\$ 710,150	\$ 207,905	\$ 302,820	\$ 608,136	\$ 62,363	\$ 1,891,374
Interest	3,308	403	90	389	103	4,293
Taxes	-	-	-	186,853	-	186,853
Other	18,020	12,901	1,058	-	-	31,979
Allowance for uncollectibles	<u>(32,287)</u>	<u>(8,906)</u>	<u>(13,627)</u>	<u>-</u>	<u>(1,895)</u>	<u>(56,715)</u>
Receivables, net	<u>\$ 699,191</u>	<u>\$ 212,303</u>	<u>\$ 290,341</u>	<u>\$ 795,378</u>	<u>\$ 60,571</u>	<u>\$ 2,057,784</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**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.

	<u>Due From</u>	<u>Due To</u>
<b>Governmental Funds</b>		
Major Funds:		
General Fund	\$ 88,313	\$ -
<b>Enterprise Funds</b>		
Major Funds:		
Water Fund	-	49,266
Sewer Fund	20,815	-
Refuse Fund	24,633	-
Storm Drain Fund	3,818	-
<b>Fiduciary funds</b>	<u>-</u>	<u>88,313</u>
 Total	 <u>\$ 137,579</u>	 <u>\$ 137,579</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 4 – INTERFUND TRANSACTIONS (Continued)**

**Long-Term Interfund Advances**

At June 30, 2013, 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, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Funds</b>		
Major Funds:		
General Fund	\$ 433,873	\$ 333,173
Transportation and Street Special Revenue Fund	250,965	185,705
Nonmajor Funds:		
Economic Development Loan Programs Special Revenue Fund	-	85,960
Public Safety Special Revenue Fund	<u>-</u>	<u>80,000</u>
Total	<u>\$ 684,838</u>	<u>\$ 684,838</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

Notes receivable consisted of the following as of June 30, 2013:

	Major Funds			Nonmajor Funds	Total
	Housing Authority Special Revenue Fund	Community Development Block Grant Special Revenue Fund	HOME Program Special Revenue Fund	Economic Development Research Loan Program Special Revenue Fund	
Loans receivable under the Business Revolving Loan Program.	\$ -	\$ -	\$ -	\$ 88,535	\$ 88,535
Loans receivable under the Community Development Block Grant Program, secured by deeds of trust on the rehabilitated properties.	106,831	987,165	-	-	1,093,996
Loans receivable under the HOME Grant Program, secured by deeds of trust on the rehabilitated properties.	-	-	1,825,794	-	1,825,794
Total notes receivable	<u>\$ 106,831</u>	<u>\$ 987,165</u>	<u>\$ 1,825,794</u>	<u>\$ 88,535</u>	<u>\$ 3,008,325</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 and are not recorded as assets in the financial statements. Such loans totaled \$9,886,808 as of June 30, 2013.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 6 – CAPITAL ASSETS**

Capital assets activity of the governmental activities for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 502,027	\$ -	\$ -	\$ 502,027
Construction in progress	675,295	-	(5,259)	670,036
Infrastructure in progress	<u>15,706</u>	<u>99,320</u>	<u>-</u>	<u>115,026</u>
Total capital assets not being depreciated	<u>1,193,028</u>	<u>99,320</u>	<u>(5,259)</u>	<u>1,287,089</u>
Capital assets being depreciated:				
Buildings and other improvements	6,556,142	53,064	-	6,609,206
Machinery and equipment	2,084,949	8,129	(17,545)	2,075,533
Infrastructure	6,228,746	-	5,259	6,234,005
Vehicles	<u>1,095,212</u>	<u>88,530</u>	<u>(188,657)</u>	<u>995,085</u>
Total capital assets being depreciated	<u>15,965,049</u>	<u>149,723</u>	<u>(200,943)</u>	<u>15,913,829</u>
Less accumulated depreciation for:				
Buildings and other improvements	(2,281,790)	(215,488)	-	(2,497,278)
Machinery and equipment	(1,620,089)	(132,868)	17,545	(1,735,412)
Infrastructure	(659,394)	(156,688)	-	(816,082)
Vehicles	<u>(914,274)</u>	<u>(38,968)</u>	<u>165,217</u>	<u>(788,025)</u>
Total accumulated depreciation	<u>(5,475,547)</u>	<u>(544,012)</u>	<u>182,762</u>	<u>(5,836,797)</u>
Total capital assets being depreciated, net	<u>10,489,502</u>	<u>(394,289)</u>	<u>(18,181)</u>	<u>10,077,032</u>
Governmental activities capital assets, net	<u>\$ 11,682,530</u>	<u>\$ (294,969)</u>	<u>\$ (23,440)</u>	<u>\$ 11,364,121</u>

Depreciation expense on capital assets was charged to the governmental functions as follows:

Governmental Activities:	
General government	\$ 126,790
Community development	3,811
Public safety	124,403
Public works	187,677
Parks and recreation	<u>101,331</u>
Total	<u>\$ 544,012</u>

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

Capital assets activity of the business-type activities for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 985,983	\$ -	\$ -	\$ 985,983
Construction in progress	<u>107,975</u>	<u>760,762</u>	<u>-</u>	<u>868,737</u>
Total capital assets not being depreciated	<u>1,093,958</u>	<u>760,762</u>	<u>-</u>	<u>1,854,720</u>
Capital assets being depreciated:				
Utility systems	45,136,009	32,325	-	45,168,334
Machinery and equipment	1,483,892	33,306	(6,078)	1,511,120
Vehicles	<u>1,525,759</u>	<u>11,285</u>	<u>(70,019)</u>	<u>1,467,025</u>
Total capital assets being depreciated	<u>48,145,660</u>	<u>76,916</u>	<u>(76,097)</u>	<u>48,146,479</u>
Less accumulated depreciation for:				
Utility systems	(17,654,191)	(1,315,596)	-	(18,969,787)
Machinery and equipment	(826,661)	(108,230)	3,039	(931,852)
Vehicles	<u>(1,339,820)</u>	<u>(52,304)</u>	<u>37,901</u>	<u>(1,354,223)</u>
Total accumulated depreciation	<u>(19,820,672)</u>	<u>(1,476,130)</u>	<u>40,940</u>	<u>(21,255,862)</u>
Total capital assets being depreciated, net	<u>28,324,988</u>	<u>(1,399,214)</u>	<u>(35,157)</u>	<u>26,890,617</u>
Business-type activities capital assets, net	<u>\$ 29,418,946</u>	<u>\$ (638,452)</u>	<u>\$ (35,157)</u>	<u>\$ 28,745,337</u>

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

<b>Business-Type Activities:</b>	
Water	\$ 1,035,853
Sewer	274,564
Refuse	2,659
Transit	70,195
Storm Drain	<u>92,859</u>
Total	<u>\$ 1,476,130</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**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 \$221,001 for governmental activities and \$6,319 for business-type activities at June 30, 2013, 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, 2013, the balance is \$423,147 for governmental activities, and \$33,745 for the business-type activities.

	Balance July 1, 2012	Incurred	Satisfied	Balance June 30, 2013	Amounts Due Within One Year	Amounts Due in More Than One Year
<b>Governmental Activities:</b>						
Compensated absences	\$ 366,860	\$ 200,495	\$ (144,208)	\$ 423,147	\$ 202,146	\$ 221,001
<b>Business-Type Activities:</b>						
Compensated absences	\$ 29,432	\$ 42,213	\$ (37,900)	\$ 33,745	\$ 27,426	\$ 6,319

**NOTE 8 – LONG-TERM DEBT**

The following is a summary of long-term obligation transactions for governmental activities for the year ended June 30, 2013:

	Balance July 1, 2012	Incurred or Issued	Satisfied or Matured	Balance June 30, 2013	Amounts Due Within One Year	Amounts Due in More Than One Year
<b>Governmental Activities:</b>						
Certificates of participation	\$ 300,000	\$ -	\$ (50,000)	\$ 250,000	\$ 50,000	\$ 200,000
Total governmental activities	\$ 300,000	\$ -	\$ (50,000)	\$ 250,000	\$ 50,000	\$ 200,000

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**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
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>\$ 250,000</u>	<u>\$ 47,905</u>	<u>\$ 297,905</u>

The following is a summary of long-term obligation transactions for business-type activities for the year ended June 30, 2013:

	Balance July 1, 2012	Incurred or Issued	Satisfied or Matured	Balance June 30, 2013	Amounts Due Within One Year	Amounts Due in More Than One Year
<b>Business-Type Activities:</b>						
Davis-Grunsky Loan (Water Fund)	\$ 447,024	\$ -	\$ (59,527)	\$ 387,497	\$ 61,111	\$ 326,386
2003 Certificates of Participation	5,020,000	-	(5,020,000)	-	-	-
2003 Certificates of Participation - Unamortized Bond Discounts	(64,094)	-	64,094	-	-	-
2008 Certificates of Participation	19,065,000	-	(1,385,000)	17,680,000	415,000	17,265,000
2008 Certificates of Participation - Deferred Refunding	(377,576) <sup>(1)</sup>	-	16,417	(361,160)	-	(361,160)
2008 Bond Discount	(140,406)	-	6,327	(134,079)	-	(134,079)
State Water Quality Control Fund Loans (Sewer Fund)	107,288	-	(32,480)	74,808	33,649	41,159
2012 A Bonds	<u>-</u>	<u>4,835,000</u>	<u>-</u>	<u>4,835,000</u>	<u>185,000</u>	<u>4,650,000</u>
Total business-type activities	<u>\$ 24,057,236</u>	<u>\$ 4,835,000</u>	<u>\$ (6,410,169)</u>	<u>\$ 22,482,066</u>	<u>\$ 694,760</u>	<u>\$ 21,787,306</u>

<sup>(1)</sup> 1,031,721 Prior year balance  
(654,145) Adjustment related to GASB 65  
377,576

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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>
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>68,042</u>	<u>786</u>	<u>68,828</u>
Totals	<u>\$ 387,457</u>	<u>\$ 27,524</u>	<u>\$ 414,981</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 \$6,342 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 Years Ending</u>	<u>State Water Quality Control Fund Loans</u> <u>(Sewer Fund)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 74,808</u>	<u>\$ 4,218</u>	<u>\$ 79,026</u>

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

2003 Certificates of Participation (Water Fund)

The 2003 Certificates of Participation (Water Fund) was 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. The outstanding principal amount of \$5,020,000 for the 2003 Certificates of Participation was paid off in September 2012.

2008 Certificates of Participation (Water Fund)

The 2008 Certificates of Participation (Water Fund) 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.

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 Years Ending</u>	<u>2008 Certificates of Participation (Water Fund)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 415,000	\$ 657,696	\$ 1,072,696
2015	430,000	642,258	1,072,258
2016	450,000	626,262	1,076,262
2017	475,000	609,522	1,084,522
2018	495,000	591,852	1,086,852
2019-2023	2,855,000	2,664,450	5,519,450
2024-2028	3,590,000	2,081,154	5,671,154
2029-2033	4,525,000	1,347,198	5,872,198
2034-2037	<u>4,445,000</u>	<u>422,964</u>	<u>4,867,964</u>
Totals	<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.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, 2013, the swap had a fair value of (\$3,037,308). The Counterparty states that the valuation is based on a proprietary model.

*Credit Risk.* As of June 30, 2013, 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, 2013**

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

The 2012A Water Revenue Refunding Bonds

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.

Fiscal Years Ending	2012A Water Revenue Refunding Bonds		
	Principal	Interest	Total
2014	\$ 185,000	\$ 124,581	\$ 309,581
2015	150,000	157,538	307,538
2016	155,000	153,038	308,038
2017	160,000	148,388	308,388
2018	165,000	143,588	308,588
2019-2022	710,000	523,350	1,233,350
2023-2027	1,005,000	527,175	1,532,175
2028-2032	1,185,000	349,669	1,534,669
2033-2036	<u>1,120,000</u>	<u>111,963</u>	<u>1,231,963</u>
Totals	<u>\$ 4,835,000</u>	<u>\$ 2,239,287</u>	<u>\$ 7,074,287</u>

**NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* as of June 30, 2013.

GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item to report in this category, which is \$3,037,308 related to a derivative instrument – interest rate swap.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types, derivative instrument - interest rate swap and unavailable revenues. The City reports \$3,037,308 related to a derivative instrument - interest rate swap. The unavailable revenues arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General Fund	Housing Authority Special Revenue Fund	Community Development Block Grant Special Revenue Fund	Home Program Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Loans	\$ -	\$ 176,325	\$ 1,099,469	\$ 2,320,588	\$ 88,766	\$ 3,685,148
Intergovernmental revenue	16,887	-	144,867	-	-	161,754
Miscellaneous revenue	-	-	13,872	-	26,245	40,117
	<u>\$ 16,887</u>	<u>\$ 176,325</u>	<u>\$ 1,258,208</u>	<u>\$ 2,320,588</u>	<u>\$ 115,011</u>	<u>\$ 3,887,019</u>

**NOTE 10 – 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 2012-2013 was 32.116% and 10.116% 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.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

Annual Pension Cost and Net Pension Obligation

For the fiscal year 2012/2013, the City's combined annual pension cost of \$618,198 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, 2013 was 13 years.

The City's annual pension costs (APC) and net pension obligation as of and for the year ended June 30, 2013 were as follows:

Fiscal Years Ending	Annual Pension Costs (APC)	Percent of APC Contributed	Net Pension Obligation
<u>Miscellaneous Plan</u>			
6/30/2010	\$ 217,257	100%	\$ -
6/30/2011	\$ 330,301	100%	\$ -
6/30/2012	\$ 228,474	100%	\$ -
<u>Safety Plan</u>			
6/30/2010	\$ 330,201	100%	\$ -
6/30/2011	\$ 490,370	100%	\$ -
6/30/2012	\$ 389,724	100%	\$ -

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
6/30/2012						
Miscellaneous	\$ 4,175,139,166	\$ 3,686,598,343	\$ 488,540,823	88.3%	\$ 757,045,663	64.5%
Safety	\$ 2,183,549,942	\$ 1,896,139,291	\$ 287,410,651	86.8%	\$ 232,078,083	123.8%

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.

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 11 – 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, 2013:

Total assets	\$ 82,190,005
Total liabilities	<u>66,304,596</u>
Member's equity	<u>\$ 15,885,409</u>
Total revenues	\$ 30,744,973
Total expenses	<u>27,142,583</u>
Excess of expenses (loss) over income	<u>\$ 3,602,390</u>

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 12 – 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 13 – 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, 2013:

General Fund:

Current:

Parks and recreation \$11,806

Capital outlay:

General government \$8,198

Other financing sources (uses):

Transfers out \$33,173

Community Development Block Grant Special Revenue Fund:

Other financing sources (uses):

Transfers out \$185,704

Housing Authority Special Revenue Fund:

Current:

Community development \$1,227,413

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

**Deficit Fund Balance**

The Housing Authority fund had a negative fund balance; however, the deficit was covered by available fund balance in the General Fund.

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 14 – SEGMENT INFORMATION**

Segment information for the Water Fund for the year ended June 30, 2013 is as follows:

	<b>Water Fund</b>
<b>CONDENSED STATEMENT OF NET POSITION</b>	
Assets:	
Current assets	\$ 7,219,401
Noncurrent assets	23,566,426
Total assets	30,785,827
Liabilities:	
Current liabilities	1,126,654
Noncurrent liabilities	21,752,466
Total liabilities	22,879,120
Net Position:	
Net investment in capital assets	785,268
Restricted	801,224
Unrestricted	6,320,215
Total net position	\$ 7,906,707
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>	
Operating revenues	\$ 4,465,387
Depreciation expenses	(1,278,705)
Other operating expenses	(2,429,738)
	756,944
Operating income (loss)	756,944
Nonoperating revenues (expenses):	
Other nonoperating revenue	582,727
Investment income	(45,600)
Interest expense	(945,466)
	(408,339)
Total nonoperating revenues (expenses)	(408,339)
Changes in net position	348,605
Beginning net position	8,362,977
Prior period adjustment	(804,875)
Ending net position	\$ 7,906,707
<b>CONDENSED STATEMENT OF CASH FLOWS</b>	
Net cash provided (used) by:	
Operating activities	\$ 2,030,611
Noncapital financing activities	44,651
Capital and related financing activities	(3,079,692)
Investing activities	(45,021)
	(1,049,451)
Net increase (decrease) in cash and cash equivalents	(1,049,451)
Beginning cash and cash equivalents	7,565,288
Ending cash and cash equivalents	\$ 6,515,837

**CITY OF CORCORAN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 15 – PRIOR PERIOD ADJUSTMENTS**

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

Governmental Activities

The beginning net position in governmental activities was overstated by \$30,894 due to the overstatement of capital assets of \$24,715 and overstatement of revenues of \$6,179 in fiscal year 2012. To correct these errors, beginning net position in the Governmental Activities was decreased by \$30,894.

Governmental Funds

The beginning fund balance in the General Fund was overstated by \$6,179 due to overstatement of revenues. To correct these errors, beginning net position in the Governmental Activities was decreased by \$6,179.

Enterprise Funds

The beginning net position in the Water Enterprise Fund was reduced by \$804,875 as a result of implementation of GASB Statement No. 65 to eliminate bond issuance costs.

**NOTE 16 – SUCCESSOR AGENCY TRUST FUND**

On January 30, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with Assembly Bill 1X26 (the "Bill") which dissolved all redevelopment agencies in the State of California.

Under the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution of the redevelopment agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are only allocated revenue in the amount that is necessary to pay 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.

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 reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably for the City.

After the date of the 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.

***Cash***

A reconciliation of the Successor Agency Trust Fund's cash balances as of June 30, 2013 is as follows:

Cash on hand	\$ 298,306
Cash with fiscal agent	<u>313,008</u>
Total cash	<u>\$ 611,314</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 16 – SUCCESSOR AGENCY TRUST FUND (Continued)**

**Capital Assets**

Capital assets activity of the Successor Agency Trust Fund as of June 30, 2013 is as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 25,400	\$ -	\$ -	\$ 25,400
Total capital assets not being depreciated	<u>25,400</u>	<u>-</u>	<u>-</u>	<u>25,400</u>
Capital assets being depreciated:				
Buildings and other improvements	3,352,185	-	-	3,352,185
Infrastructure	<u>1,666,725</u>	<u>-</u>	<u>-</u>	<u>1,666,725</u>
Total capital assets being depreciated	<u>5,018,910</u>	<u>-</u>	<u>-</u>	<u>5,018,910</u>
Less accumulated depreciation for:				
Buildings and other improvements	(1,183,639)	(84,351)	-	(1,267,990)
Infrastructure	<u>(315,100)</u>	<u>(41,668)</u>	<u>-</u>	<u>(356,768)</u>
Total accumulated depreciation	<u>(1,498,739)</u>	<u>(126,019)</u>	<u>-</u>	<u>(1,624,758)</u>
Total capital assets being depreciated, net	<u>3,520,171</u>	<u>(126,019)</u>	<u>-</u>	<u>3,394,152</u>
Governmental activities capital assets, net	<u>\$ 3,545,571</u>	<u>\$ (126,019)</u>	<u>\$ -</u>	<u>\$ 3,419,552</u>

**Long-term Debt**

The following is a summary of long-term obligation transactions for the Successor Agency Trust Fund at June 30, 2013:

	Balance 7/1/2012	Incurred or Issued	Satisfied or Matured	Balance 6/30/2013	Amounts Due Within One Year	Amounts Due in More Than One Year
2004 Tax Allocation Bonds	\$ 3,780,000	\$ -	\$ (200,000)	\$ 3,580,000	\$ 205,000	\$ 3,375,000
Bond Discount	<u>(272,615)</u>	<u>-</u>	<u>12,161</u>	<u>(260,454)</u>	<u>-</u>	<u>(260,454)</u>
Total	<u>\$ 3,507,385</u>	<u>\$ -</u>	<u>\$ (187,839)</u>	<u>\$ 3,319,546</u>	<u>\$ 205,000</u>	<u>\$ 3,114,546</u>

**CITY OF CORCORAN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 16 – SUCCESSOR AGENCY TRUST FUND (Continued)**

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>
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	240,000	127,548	367,548
2019-2022	1,070,000	399,861	1,469,861
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>\$ 3,580,000</u>	<u>\$ 1,583,014</u>	<u>\$ 5,163,014</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CORCORAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2013**

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.

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as of % of Covered Payroll</u>
Miscellaneous:						
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%
6/30/2012	\$ 4,175,139,166	\$ 3,686,598,343	\$ 488,540,823	88.3%	\$ 757,045,663	64.5%
Safety:						
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%
6/30/2012	\$ 2,183,549,942	\$ 1,896,139,291	\$ 287,410,651	86.8%	\$ 232,078,083	123.8%

**CITY OF CORCORAN**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amount		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 287,262	\$ 287,262	\$ 588,939	\$ 301,677
Other taxes	1,473,289	1,473,289	1,435,075	(38,214)
Licenses and permits	93,600	93,600	109,395	15,795
Intergovernmental revenues	2,218,506	2,218,506	2,226,872	8,366
Charges for services	57,693	57,693	78,171	20,478
Fines and penalties	45,000	45,000	26,544	(18,456)
Use of money and property	-	-	441,205	441,205
Grant drawdowns	-	-	41,395	41,395
Miscellaneous	-	-	96,914	96,914
Total revenues	<u>4,175,350</u>	<u>4,175,350</u>	<u>5,044,510</u>	<u>869,160</u>
<b>EXPENDITURES</b>				
Current:				
General government	936,201	936,201	640,069	296,132
Public safety	3,936,639	3,936,639	3,623,763	312,876
Public works	231,624	231,624	230,247	1,377
Parks and recreation	299,087	299,087	310,893	(11,806)
Capital outlay:				
General government	-	-	8,198	(8,198)
Public safety	-	-	3,097	(3,097)
Total expenditures	<u>5,403,551</u>	<u>5,403,551</u>	<u>4,816,267</u>	<u>587,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,228,201)</u>	<u>(1,228,201)</u>	<u>228,243</u>	<u>1,456,444</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	(506,000)	(506,000)	433,873	939,873
Operating transfers out	(506,000)	(300,000)	(333,173)	(33,173)
Total other financing sources (uses)	<u>(1,012,000)</u>	<u>(806,000)</u>	<u>100,700</u>	<u>906,700</u>
Net change in fund balances	<u>(2,240,201)</u>	<u>(2,034,201)</u>	<u>328,943</u>	<u>2,363,144</u>
Fund balances - beginning	4,019,651	4,019,651	4,019,651	-
Prior period adjustment	(6,179)	(6,179)	(6,179)	-
Fund balances - beginning, as restated	<u>4,013,472</u>	<u>4,013,472</u>	<u>4,013,472</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,773,271</u>	<u>\$ 1,979,271</u>	<u>\$ 4,342,415</u>	<u>\$ 2,363,144</u>

**CITY OF CORCORAN**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<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	\$ -	\$ -	\$ 137	\$ 137
Grant drawdowns	354,900	354,900	249,080	(105,820)
Loan repayments	90,882	90,882	158,000	67,118
Miscellaneous	<u>-</u>	<u>-</u>	<u>15,919</u>	<u>15,919</u>
Total revenues	<u>445,782</u>	<u>445,782</u>	<u>423,136</u>	<u>(22,646)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>523,784</u>	<u>523,784</u>	<u>380,560</u>	<u>143,224</u>
Total expenditures	<u>523,784</u>	<u>523,784</u>	<u>380,560</u>	<u>143,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(78,002)</u>	<u>(78,002)</u>	<u>42,576</u>	<u>120,578</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	250,965	250,965
Operating transfers out	<u>-</u>	<u>-</u>	<u>(185,705)</u>	<u>(185,705)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>65,260</u>	<u>65,260</u>
Net change in fund balances	(78,002)	(78,002)	107,836	185,838
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>19,481</u>	<u>19,481</u>
Fund balances - ending	<u>\$ (78,002)</u>	<u>\$ (78,002)</u>	<u>\$ 127,317</u>	<u>\$ 205,319</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, 2013**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 692	\$ 692
Grant drawdowns	317,317	317,317	312,463	(4,854)
Loan repayments	135,510	135,510	133,212	(2,298)
Miscellaneous	<u>-</u>	<u>-</u>	<u>32,130</u>	<u>32,130</u>
Total revenues	<u>452,827</u>	<u>452,827</u>	<u>478,497</u>	<u>25,670</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>1,432,938</u>	<u>1,432,938</u>	<u>319,218</u>	<u>1,113,720</u>
Total expenditures	<u>1,432,938</u>	<u>1,432,938</u>	<u>319,218</u>	<u>1,113,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(980,111)</u>	<u>(980,111)</u>	<u>159,279</u>	<u>1,139,390</u>
Net change in fund balances	(980,111)	(980,111)	159,279	1,139,390
Fund balances - beginning	<u>33,246</u>	<u>33,246</u>	<u>33,246</u>	<u>-</u>
Fund balances - ending	<u>\$ (946,865)</u>	<u>\$ (946,865)</u>	<u>\$ 192,525</u>	<u>\$ 1,139,390</u>

**CITY OF CORCORAN  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013**

**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

## 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 five nonmajor special revenue funds.

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 **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 **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.

**CITY OF CORCORAN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Nonmajor Special Revenue Funds	Corcoran Joint Powers Finance Authority Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments:			
Unrestricted	\$ 2,193,410	\$ 10,218	\$ 2,203,628
Cash with fiscal agent:			
Restricted	-	76,506	76,506
Receivables	325,501	-	325,501
Prepaid expenses	4,794	-	4,794
 Total assets	 \$ 2,523,705	 \$ 86,724	 \$ 2,610,429
 <b>LIABILITIES</b>			
Accounts payable	\$ 27,358	\$ -	\$ 27,358
 Total liabilities	 27,358	 -	 27,358
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	115,011	-	115,011
 Total deferred inflows of resources	 115,011	 -	 115,011
 <b>FUND BALANCES</b>			
Restricted for:			
Debt service	-	86,724	86,724
Community development	3	-	3
Public safety	176,249	-	176,249
Transportation and street	2,158,959	-	2,158,959
Parks and recreation	49,977	-	49,977
Unassigned	(3,852)	-	(3,852)
 Total fund balances	 2,381,336	 86,724	 2,468,060
 Total liabilities and fund balances	 \$ 2,523,705	 \$ 86,724	 \$ 2,610,429

**CITY OF CORCORAN  
COMBINING STATEMENT OF REVENUES EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Nonmajor Special Revenue Funds	Corcoran Joint Powers Finance Authority Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 9,204	\$ -	\$ 9,204
Use of money and property	6,178	75,204	81,382
Fines and penalties	1,091	-	1,091
Intergovernmental revenues	714,245	-	714,245
Grant drawdowns	178,782	-	178,782
Repayment of loans	11,592	-	11,592
Miscellaneous	37,483	-	37,483
	<u>958,575</u>	<u>75,204</u>	<u>1,033,779</u>
Total revenues			
<b>EXPENDITURES</b>			
Current services:			
General government	11,606	2,381	13,987
Community development	1,440	-	1,440
Parks and recreation	41,659	-	41,659
Public works	524,377	-	524,377
Public safety	62,721	-	62,721
Capital outlay:			
Public works	102,134	-	102,134
Public safety	85,434	-	85,434
Parks and recreation	12,788	-	12,788
Debt service:			
Principal retirement	-	50,000	50,000
Interest and fiscal charges	-	25,156	25,156
	<u>842,159</u>	<u>77,537</u>	<u>919,696</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>116,416</u>	<u>(2,333)</u>	<u>114,083</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	<u>(165,960)</u>	<u>-</u>	<u>(165,960)</u>
Total other financing sources (uses)	<u>(165,960)</u>	<u>-</u>	<u>(165,960)</u>
Net change in fund balances	(49,544)	(2,333)	(51,877)
Fund balances - beginning	<u>2,430,880</u>	<u>89,057</u>	<u>2,519,937</u>
Fund balances - ending	<u>\$ 2,381,336</u>	<u>\$ 86,724</u>	<u>\$ 2,468,060</u>

**CITY OF CORCORAN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013**

	Public Safety	Parks Capital	Transportation and Street Special Revenue Fund	Economic Development Loan Programs	Assessment Districts	Totals
<b>ASSETS</b>						
Cash and investments:						
Unrestricted	\$ 177,577	\$ 50,510	\$ 1,967,583	\$ (6)	\$ (2,254)	\$ 2,193,410
Receivables	26,346	29	209,587	88,775	764	325,501
Prepaid expenses	-	-	4,794	-	-	4,794
Total assets	<u>\$ 203,923</u>	<u>\$ 50,539</u>	<u>\$ 2,181,964</u>	<u>\$ 88,769</u>	<u>\$ (1,490)</u>	<u>\$ 2,523,705</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,429	\$ 562	\$ 23,005	-	\$ 2,362	\$ 27,358
Total liabilities	<u>1,429</u>	<u>562</u>	<u>23,005</u>	<u>-</u>	<u>2,362</u>	<u>27,358</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues	26,245	-	-	88,766	-	115,011
Total deferred inflows of resources	<u>26,245</u>	<u>-</u>	<u>-</u>	<u>88,766</u>	<u>-</u>	<u>115,011</u>
<b>FUND BALANCES</b>						
Restricted for:						
Community development	-	-	-	3	-	3
Public safety	176,249	-	-	-	-	176,249
Transportation and street	-	-	2,158,959	-	-	2,158,959
Parks and recreation	-	49,977	-	-	-	49,977
Unassigned	-	-	-	-	(3,852)	(3,852)
Total fund balances	<u>176,249</u>	<u>49,977</u>	<u>2,158,959</u>	<u>3</u>	<u>(3,852)</u>	<u>2,381,336</u>
Total liabilities and fund balances	<u>\$ 203,923</u>	<u>\$ 50,539</u>	<u>\$ 2,181,964</u>	<u>\$ 88,769</u>	<u>\$ (1,490)</u>	<u>\$ 2,523,705</u>

**CITY OF CORCORAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Public Safety	Parks Capital	Transportation and Street Special Revenue Fund	Economic Development Loan Programs	Assessment Districts	Totals
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 9,204	\$ 9,204
Intergovernmental revenues	-	2,377	711,868	-	-	714,245
Fines and penalties	-	-	1,091	-	-	1,091
Use of money and property	1,252	213	4,549	164	-	6,178
Grant drawdowns	80,301	-	98,481	-	-	178,782
Repayment of loans	-	-	-	11,592	-	11,592
Miscellaneous	21,894	100	15,489	-	-	37,483
Total revenues	<u>103,447</u>	<u>2,690</u>	<u>831,478</u>	<u>11,756</u>	<u>9,204</u>	<u>958,575</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	11,606	11,606
Community development	-	-	-	-	1,440	1,440
Public safety	62,721	-	-	-	-	62,721
Public works	-	-	524,377	-	-	524,377
Parks and recreation	-	41,659	-	-	-	41,659
Capital outlay:						
Public safety	85,434	-	-	-	-	85,434
Public works	-	-	102,134	-	-	102,134
Parks and recreation	-	12,788	-	-	-	12,788
Total expenditures	<u>148,155</u>	<u>54,447</u>	<u>626,511</u>	<u>-</u>	<u>13,046</u>	<u>842,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,708)</u>	<u>(51,757)</u>	<u>204,967</u>	<u>11,756</u>	<u>(3,842)</u>	<u>116,416</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers out	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>(85,960)</u>	<u>-</u>	<u>(165,960)</u>
Total other financing sources (uses)	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>(85,960)</u>	<u>-</u>	<u>(165,960)</u>
Net change in fund balances	(124,708)	(51,757)	204,967	(74,204)	(3,842)	(49,544)
Fund balances - beginning	<u>300,957</u>	<u>101,734</u>	<u>1,953,992</u>	<u>74,207</u>	<u>(10)</u>	<u>2,430,880</u>
Fund balances - ending	<u>\$ 176,249</u>	<u>\$ 49,977</u>	<u>\$ 2,158,959</u>	<u>\$ 3</u>	<u>\$ (3,852)</u>	<u>\$ 2,381,336</u>

**CITY OF CORCORAN  
COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
JUNE 30, 2013**

	Asset Seizure (Unprocessed)	Kings County CDBG	Corcoran Police Explorers	Total
<b>ASSETS</b>				
Cash	\$ 752	\$ 14,645	\$ 3,070	\$ 18,467
Receivables:				
Interest	-	88	-	88
Notes	-	1,135,596	-	1,135,596
Total assets	<u>\$ 752</u>	<u>\$ 1,150,329</u>	<u>\$ 3,070</u>	<u>\$ 1,154,151</u>
<b>LIABILITIES</b>				
Due to other agencies	<u>\$ 752</u>	<u>\$ 1,150,329</u>	<u>\$ 3,070</u>	<u>\$ 1,154,151</u>
Total liabilities	<u>\$ 752</u>	<u>\$ 1,150,329</u>	<u>\$ 3,070</u>	<u>\$ 1,154,151</u>

**CITY OF CORCORAN  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>ASSETS SEIZURES (UNPROCESSED)</u></b>				
<b>ASSETS</b>				
Cash	\$ 752	\$ -	\$ -	\$ 752
Total assets	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 752</u>
<b>LIABILITIES</b>				
Due to other agencies	\$ 752	\$ -	\$ -	\$ 752
Total liabilities	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 752</u>
<b><u>KINGS COUNTY CDBG</u></b>				
<b>ASSETS</b>				
Cash	\$ 21,367	\$ 27,037	\$ (33,759)	\$ 14,645
Receivables:				
Interest	171	-	(83)	88
Notes	1,162,033	-	(26,437)	1,135,596
Total assets	<u>\$ 1,183,571</u>	<u>\$ 27,037</u>	<u>\$ (60,279)</u>	<u>\$ 1,150,329</u>
<b>LIABILITIES</b>				
Due to other agencies	\$ 1,183,571	\$ -	\$ (33,242)	\$ 1,150,329
Total liabilities	<u>\$ 1,183,571</u>	<u>\$ -</u>	<u>\$ (33,242)</u>	<u>\$ 1,150,329</u>
<b><u>CORCORAN POLICE EXPLORERS</u></b>				
<b>ASSETS</b>				
Cash	\$ 2,276	\$ 3,759	\$ (2,965)	\$ 3,070
Total assets	<u>\$ 2,276</u>	<u>\$ 3,759</u>	<u>\$ (2,965)</u>	<u>\$ 3,070</u>
<b>LIABILITIES</b>				
Due to other agencies	\$ 2,277	\$ 3,531	\$ (2,738)	\$ 3,070
Total liabilities	<u>\$ 2,277</u>	<u>\$ 3,531</u>	<u>\$ (2,738)</u>	<u>\$ 3,070</u>

OTHER INDEPENDENT AUDITOR'S REPORT

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Corcoran, California (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated January 17, 2014.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free from 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*.

**Purpose of this Report**

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

*Price Pange & Company*

Clovis, California  
January 17, 2014

## FINDINGS AND QUESTIONED COSTS

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**CITY OF CORCORAN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness identified?	_____ Yes	_____ X _____	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

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported

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

None reported

**CITY OF CORCORAN  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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.

Status: Implemented

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported

City of

# CORCORAN

Police Department

FOUNDED 1914

February 12, 2014

**PRESENTATION  
ITEM#: 4B**

To: Corcoran City Council  
From: Reuben P. Shortnacy, Chief of Police  
Subject: Annual Report

Presentation of annual report.

# 2013 Annual Report



## Corcoran Police Department

Chief of Police

Reuben P. Shortnacy

## **Mission Statement**

*To provide quality law enforcement services to the community while maintaining the trust of those we serve.*

## **Vision Statement**

*To effectively work with the community to provide safe and secure neighborhoods*

## **Values**

*Integrity - Do what is right*

*Loyalty - To the community and to CPD*

*Teamwork - working together*

*Accountability - Holding ourselves responsible*

It is my pleasure to present to you the Corcoran Police Department Annual Report for 2013. This report covers the calendar year of 2013 and contains statistical information from previous years for review and comparison. I hope you find the report informative and I invite any comments and/or questions.

### **PERSONNEL/STAFFING**

As of this report we are recruiting for one police officer position. After this recruitment there will be three police officer positions that remain vacant.

### **INVESTIGATIONS**

#### **Narcotics Task Force (NTF):**

The Kings County Narcotics Task Force initially started in 1978 under a federal grant program. Following the termination of the grant, NTF continued to operate by a formal agreement between Corcoran, Hanford and Lemoore Police Departments, Kings County Sheriff's Office and the California Department of Justice, Bureau of Narcotic Enforcement. In May of 1985, the California Highway Patrol (Hanford Office) joined NTF. In 1987, the Kings County Probation Department went to a full contribution with the assignment of a Deputy Probation Officer. In 2006 the Highway Patrol was forced to discontinue their participation with the task force, due to traffic responsibilities they needed to fulfill with their limited staffing. In February of 2012, the California Department of Justice Bureau of Narcotic Enforcement, discontinued with NTF as a result of cuts at DOJ.

NTF continues to operate under the direction of a multi-agency Board of Directors, which is responsible for establishing investigative priorities, policy decisions and general operating procedures of the unit. The Board is comprised of the Chief Administrator from each participating agency, as well as the District Attorney of Kings County.

Our Narcotics Task Force representative continues to work diligently on long term drug related investigations. NTF, as a whole, seized a total of nearly 2.6 million dollars worth of drugs in 2013. Approximately 1.6 million of that was from Corcoran. The primary problem continues to be meth and marijuana. However, we are also seeing a rise in the abuse of heroin and a slight decrease in the abuse of prescription drugs.

## **Gang Task Force (GTF):**



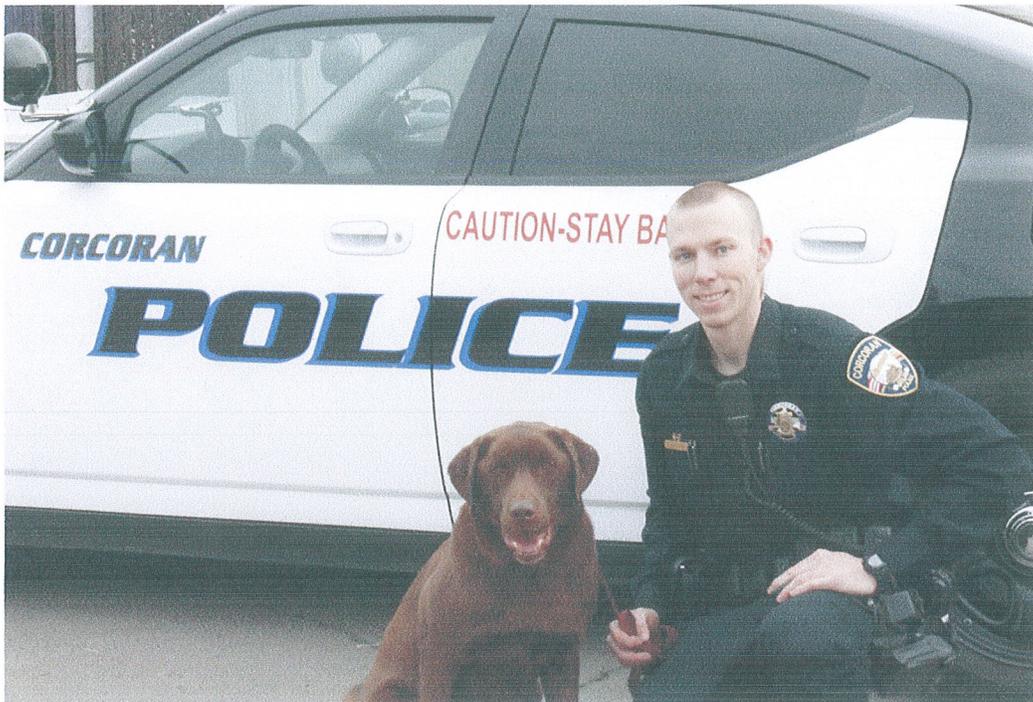
The Gang Task Force was originally formed by local law enforcement agencies in November of 1993. This was an effort to combat increasing gang problems in communities throughout Kings County. GTF operates under the direction of a multi-agency Board of Directors, which is responsible for establishing investigative priorities, policy decisions and general operating procedures of the unit. The Board is comprised of the Chief Administrator from each participating agency, as well as the District Attorney of Kings County.

In 2013 our GTF investigator completed a total of 25 Gang Enhancements for Corcoran. A big part of the effort during this period was Operation Red Raider. At the conclusion of that operation there were a total of 34 arrests, 7 of which were in Corcoran and 21 enhancements on that case alone. GTF continues to be a key component in addressing gang crimes.

### **CPD Investigations Unit:**

Our local investigations unit continues to be extremely busy. Both Investigators maintain a significant caseload. They have authored several search warrants during this year and cleared a number of cases. Some of the cases they have worked include identity theft, burglary, drug sales, robbery attempted homicide, rape and kidnapping. Detectives carried a total of 163 cases during 2013 with an approximate 97% clearance rate.

### **K-9 Unit:**



Our K-9, "Ollie" is doing well along with his Handler, officer McAlister. They have conducted several presentations through the year and have been active with a variety of searches. There were a total of 33 searches conducted, 30 of those being vehicle searches and 3 building searches.

## School Resource Officer:

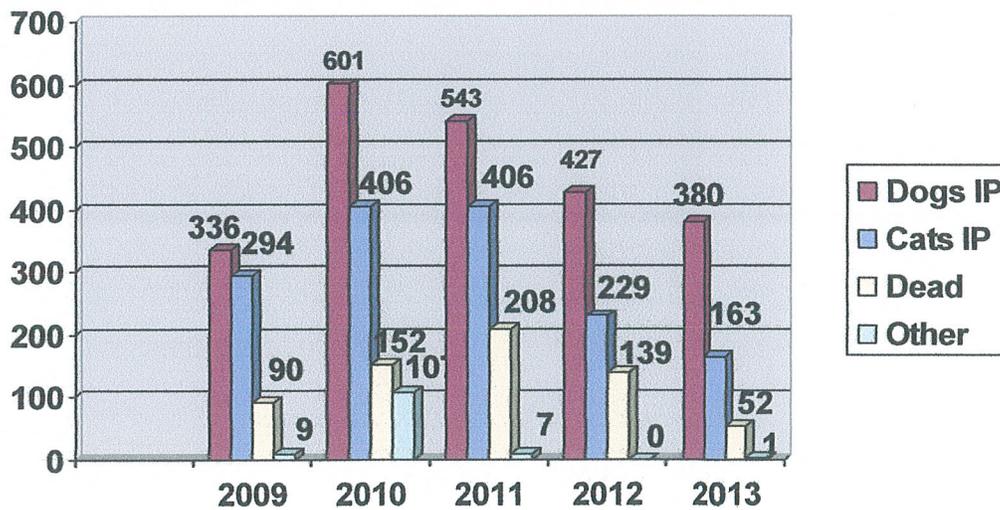


Most would agree that a community's most precious asset is its children. We believe that and make their safety a priority. The SRO's presence alone is a crime deterrent on campus to include sporting events. We continue to enjoy success with our School Resource Officer (SRO) program. So much of the success of an SRO program depends on the relationship between the police department and the school district. We have enjoyed an exceptional relationship with our school district and see them as a principal partner in our joint effort to keep our students safe and in an environment that is conducive to learning. During 2013 the SRO responded to 770 Calls for Service on school campuses. When the SRO is not handling incidents at the schools he spends time working with staff on campus safety, focusing on crime prevention/community relation efforts and interacting with students.

**Animal Control:**



As you are aware, we took over Animal Control Field Services in May of 2009. Our Animal Control Officer continues to be very busy. He responded to 1,553 Calls for Service. The statistical information is reflected in the chart below. We have held clinics to make it convenient for the community to get their dogs licensed and vaccinated, two of which were held in 2013. We licensed a total of 112 dogs and many of those were vaccinated. We will continue to introduce more animal care education to the community in the coming years as well as host clinics for vaccination, licensing and “chipping.” The number of animals we impound has been significant. However, as we address the problems we are seeing a decline in that number. I believe we will continue to see these numbers go down. The “other” category represents animals such as coyotes, rabbits, snakes etc.

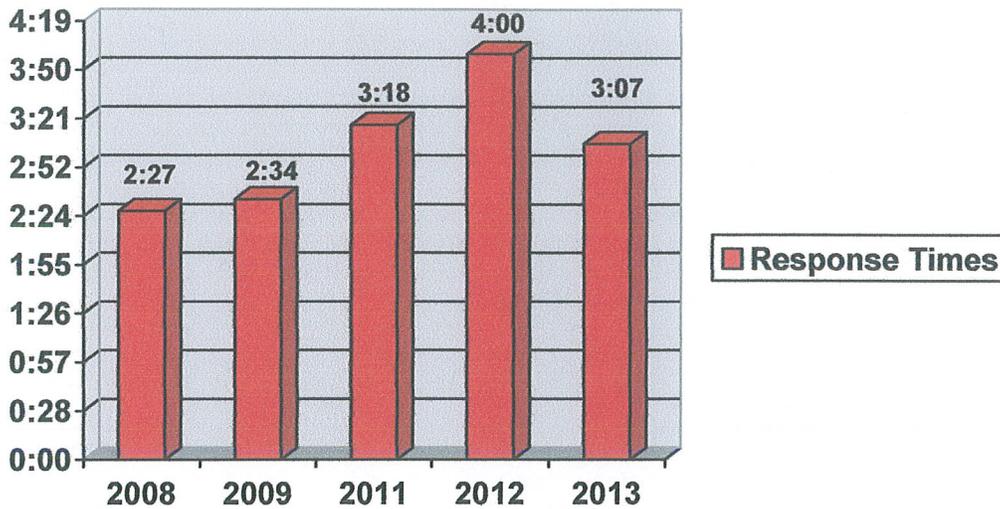


## Training:



It is important for us to maintain our skill level and expertise in a variety of areas so that we are prepared to respond to and address any incident that may develop. The quality of the training also directly impacts the quality of service that our community receives. During 2013 department personnel completed over 1,800 hours of training in various topics. Some of the training topics include: Arson, Drug Investigation, Human Trafficking, Sexual Abuse, Supervisory, Officer Involved Shootings, Firearms, Defensive Tactics, Active Shooter, Gang Investigation, Police Liability, and Perishable Skills.

## Response Times:

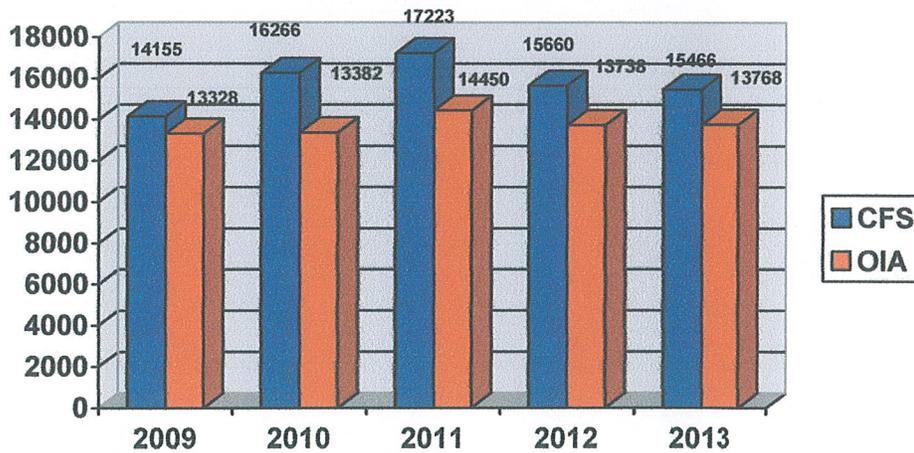
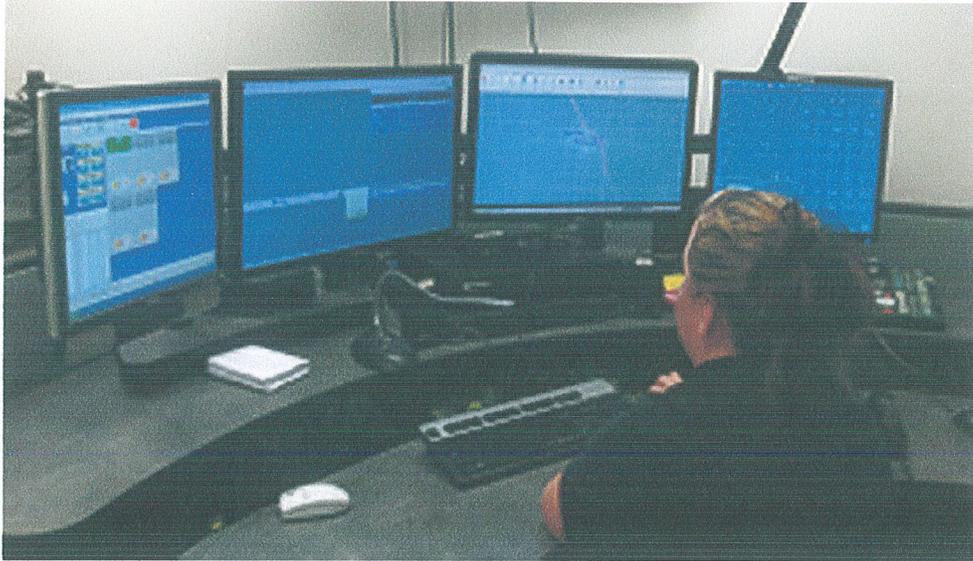


These numbers represent an average response time for all priority-1 calls. There are a lot of things that impact this number such as staffing, call volume etc. However, we maintain a good average response time overall. Because of problems with our CAD /RMS software we were not able to collect this data for 2010.

## CRIME STATS

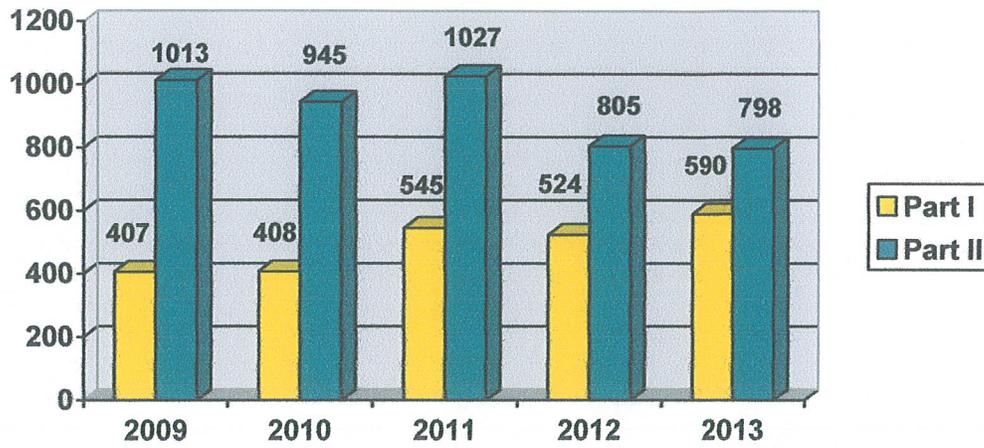
Much of our focus continues to be on Part I crimes. These are the more serious crimes and are represented in the following categories: homicide, rape, robbery, vehicle theft, burglary, assault, larceny and arson. You can see in the illustration on page 11 that our Part I crimes have increased over the past few years. We have seen an increase from the previous year. These numbers will fluctuate from time to time for a variety of reasons. However, the source of the increase is attributed to the increase in thefts and assaults. There are many variables that affect this number to include staffing levels, trends etc. Although we have had much success in keeping Part I crime down over the past years, I expect our Part I crimes and Part II crimes to increase. This is a direct impact of the economy and AB 109. On page 12 there is a chart that reflects a more detailed breakdown of Part I crime. Preventing and addressing Part I crimes will continue to be our priority, as these are the crimes that directly impact quality of life.

**Calls for Service / Officer Initiated Activity:**



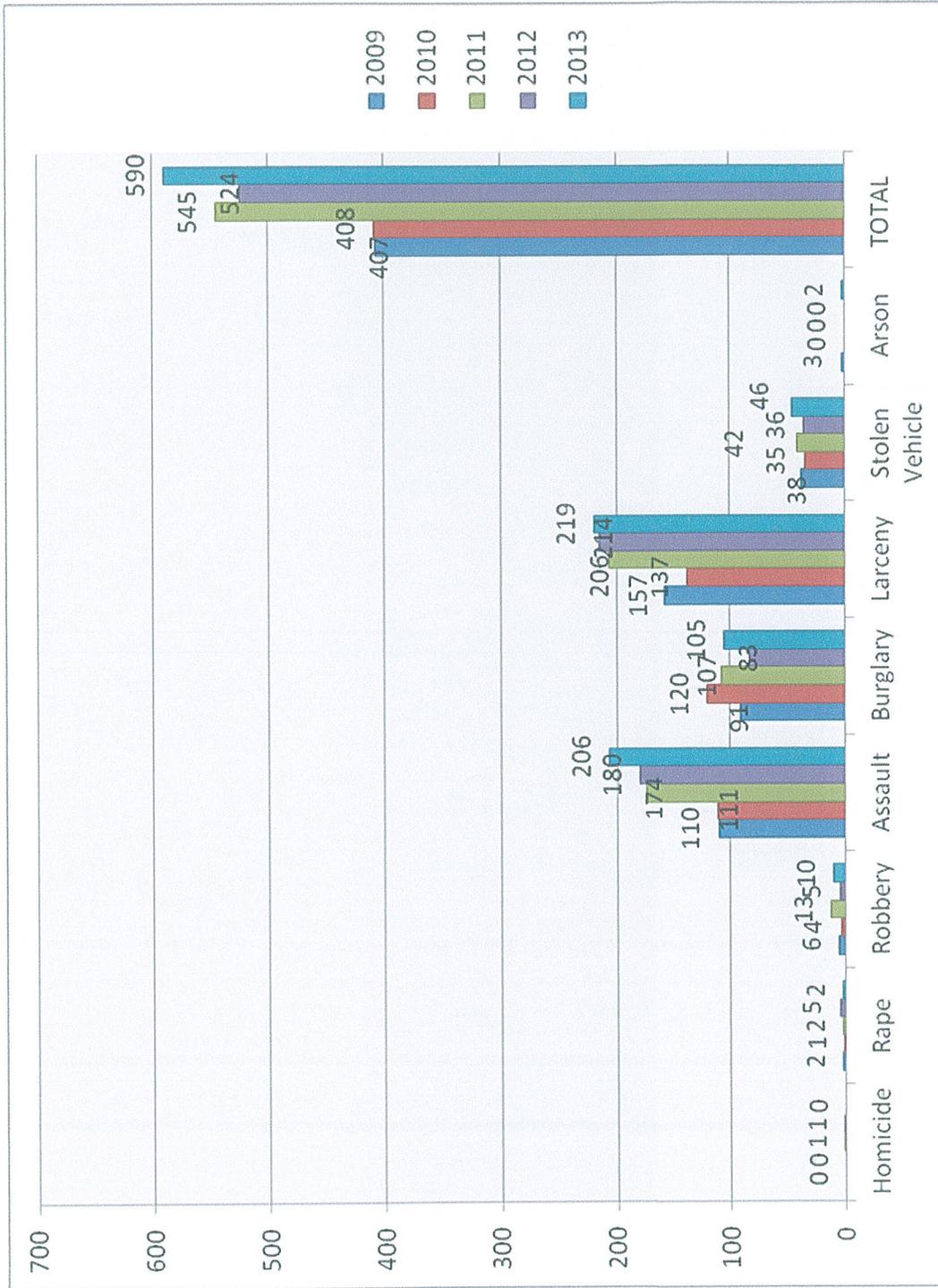
Calls for Service (CFS) over the past several years have increased steadily. Although there will be some fluctuation, these numbers will continue to increase with growth and with the impact of AB 109.

**Part I / Part II Crimes:**

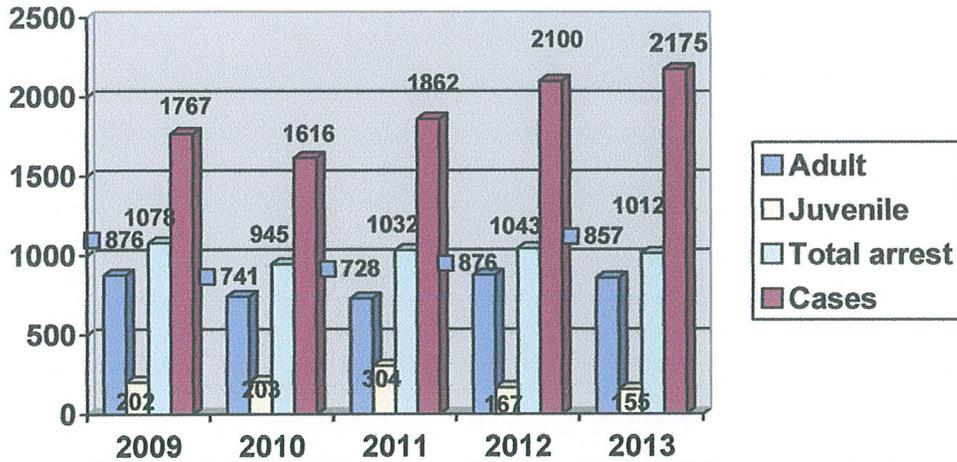


Part I crimes are the more serious crimes. These include homicide, rape, robbery, vehicle theft, burglary, serious assault, larceny and arson. Part II crimes are crimes such as embezzlement, vandalism etc. We have been successful keeping serious crime down overall. There is a 12.5% increase compared to 2012. This is due to assaults and thefts primarily. I believe we will continue to see Part I crimes increase with the impact of AB 109.

Part I Crimes detailed:



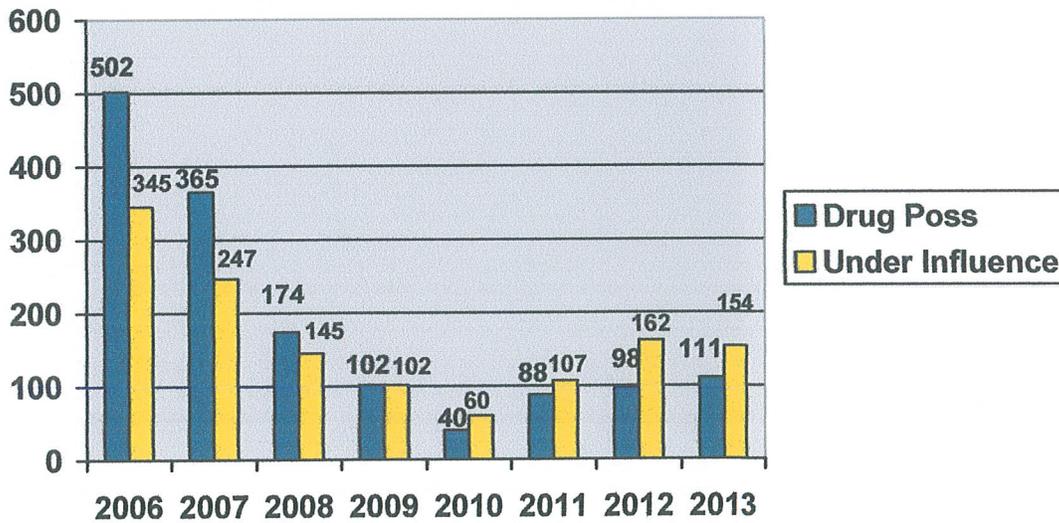
**Arrests / Cases:**



Arrests and cases are up. Again, we attribute this to AB 109 and the economy. A significant portion of our increase is due to a spike in assaults and thefts, to include vehicle thefts. We have also seen an increase in robbery over last year.

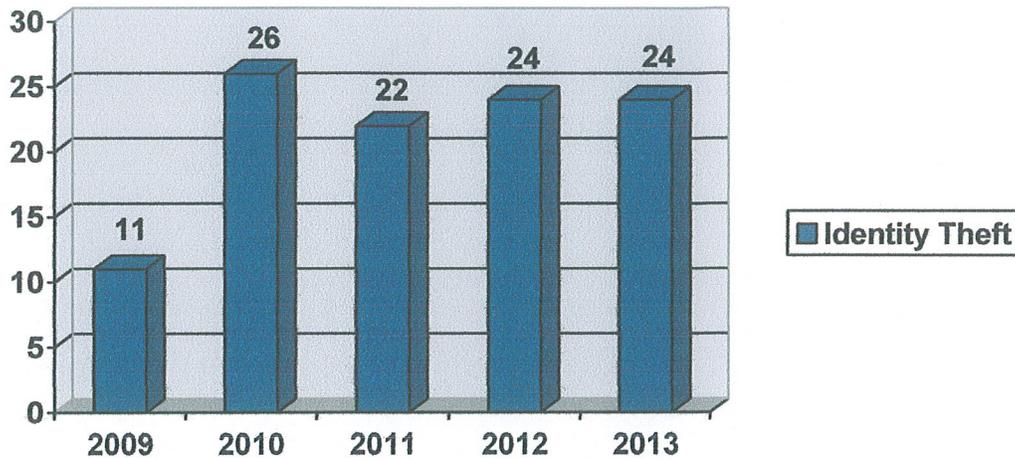
**DRUG ENFORCEMENT**

**Drug possession / under the influence of drug arrests:**



As you are aware drug interdiction has been a council and police priority. We have enjoyed a decline in drug arrests for several years. However, we have seen and will likely continue to see these cases increase over the next few years. The primary problem continues to be meth and marijuana. However, we are also seeing a rise in the abuse of heroin and a slight decrease in the abuse of prescription drugs.

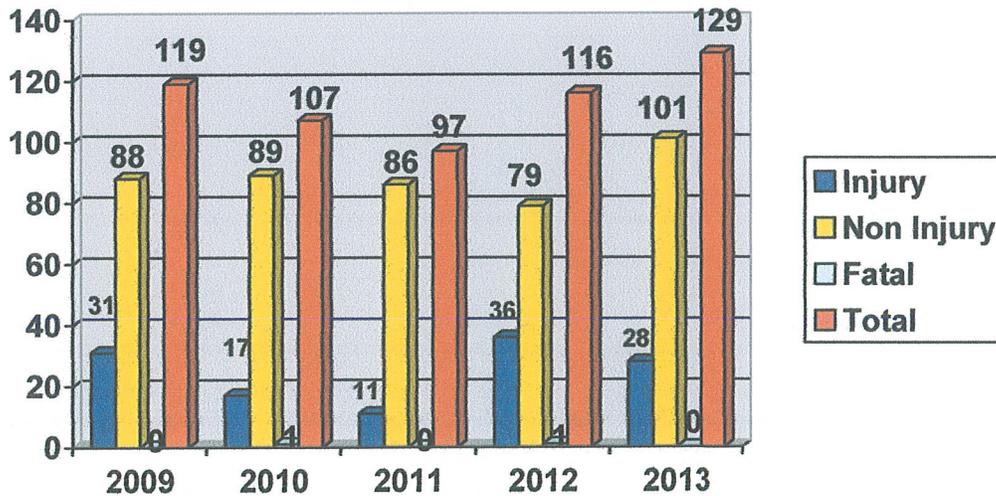
## Identity Theft



There hasn't been any significant change in the reporting of Identity Theft in the past few years. However, we will continue to track these cases separately considering the resources that are required to investigate these crimes. It isn't uncommon for detectives to work for months on these types of investigations. The impact of these crimes on victims can be significant.

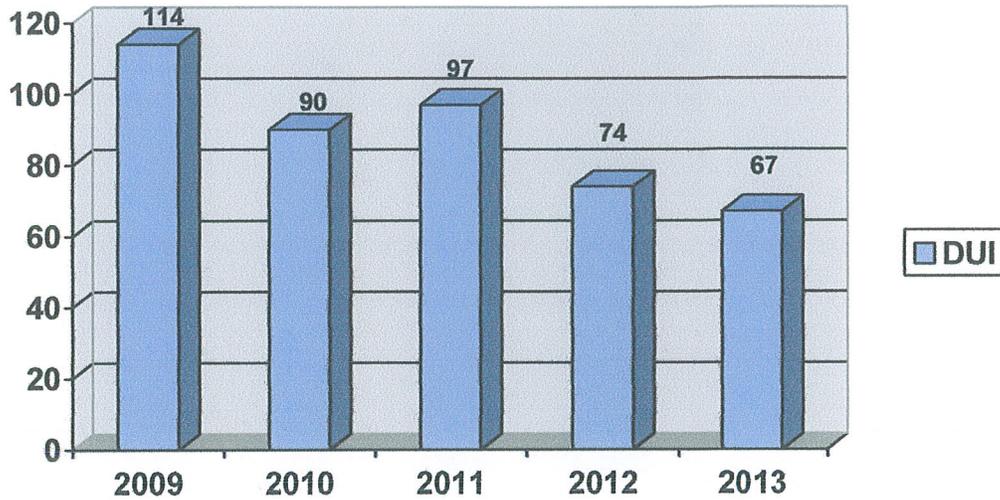
## TRAFFIC

### Traffic Accidents:



Traffic safety is consistently an area of public concern. We are sensitive to this, especially as it relates to our schools and business district and set it as a high priority. Right of Way violations is a big part of our enforcement efforts.

**Driving Under the Influence:**



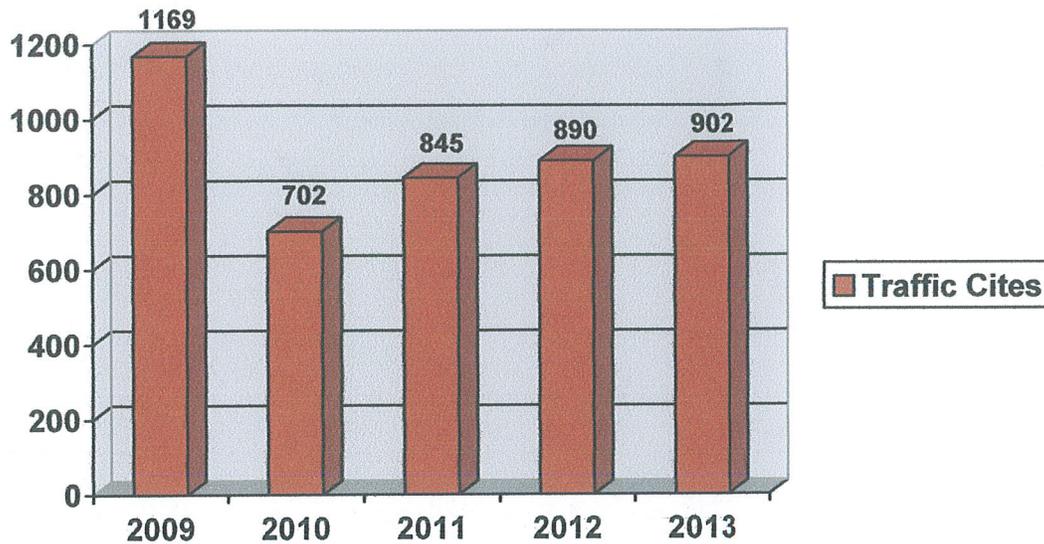
Our DUI arrests are fairly consistent with the exception of the last couple of years. We have been a part of the “Avoid the 18 Task Force”, a DUI enforcement grant. We have conducted DUI Checkpoints and “saturation patrol” during this period and contribute the decline over the last few years to this effort.

**Agencies Participating in the “Avoid the 18” Task Force**

Visalia Police Department  
Porterville Police Department  
Farmersville Police Department  
Exeter Police Department  
Tulare County Sheriff’s Department  
Hanford Police Department  
Lemoore Police Department  
Avenal Police Department  
California Highway Patrol Hanford/Visalia

Tulare Police Department  
Dinuba Police Department  
Woodlake Police Department  
College of the Sequoias  
Tulare County Probation  
Kings County Sheriff’s Department  
Corcoran Police Department  
Kings County Probation

## Traffic Citations:



We continue to address traffic issues and concerns. We are sensitive to complaints such as u-turns, speeding, loud music and right of way violations. Our goal is to keep our pedestrians and motorists safe while being responsive to traffic related complaints.

## FINAL COMMENTS

Our dominant philosophy continues to be that of Community Oriented Policing (C.O.P). Our primary goal and commitment is to find long-term solutions to problems in our community. I would like to thank the council and the community for their continued support. I would also like to thank each of the Corcoran Police Department staff for all of the hard work during the past year.

You have our commitment that we will continue to work hard to keep Corcoran safe and continue to look for efficient and effective ways to accomplish this. We constantly challenge ourselves to be better and we truly enjoy serving the community. Despite the changes and circumstances that impact public safety, we will not shy away from those who would victimize our community. Our number one priority and responsibility is to keep our community and those who visit, safe.

**PUBLIC HEARING  
ITEM # 5-A**

**TO:** Corcoran City Council  
**FROM:** Steve Kroeker, City of Corcoran Public Works Director  
**DATE:** February 13, 2014 **MEETING DATE:** February 18, 2014  
**SUBJECT:** Public Hearing to obtain comments regarding Unmet Transit Needs and consider Adoption of Resolution No. 2717 regarding Unmet Transit Needs

---

**Recommendation:**

That the Council adopts Resolution No. 2717 with one of the following findings:

1. There are no unmet transit needs.
2. There are no unmet transit needs that are reasonable to meet.
3. There are unmet transit needs, including needs that are reasonable to meet.

**Discussion:**

At the February 18, 2014 Council Meeting, the City Council will be conducting a public hearing mandated by State Law, to allow the opportunity for public input on whether or not there are transit needs in the community that are reasonable to meet and are not being met by our existing services. At the conclusion of the hearing, the Council will be requested to adopt Resolution No. 2717 with one of the above-listed findings.

The California Transportation Development Act of 1971 established the Local Transportation Fund (LTF), which is administered by the Kings County Association of Governments (KCAG) Transportation Policy Committee (TPC). When claims are received for LTF money for purposes not directly related to public transportation services, specialized transportation services, or facilities provided for the exclusive use of pedestrians and bicycles, the following items must be considered first:

- a) Low mobility person's transit needs
- b) Adequate accessible public transit service is available in the jurisdictions of each claimant
- c) Alternative transit services

Once these elements have been addressed the City of Corcoran is free to use any remaining balance of LTF funds for the purpose of street and road maintenance. The City of Corcoran has historically used all of its available LTF funds for transit related activities. We are in a position where we will be able to use some of these funds for streets and roads maintenance activities in this budget year and hopefully in the next.

At this time, staff is unaware of any unmet transit needs in the community. The City always has forms available for comment from the users of this service and for the community to notify us of any needs not being met. Unless new issues are raised during the hearing, staff would recommend the adoption of Resolution No.2717 indicating there are no unmet transit needs.

**Budget Impact:**

There is the potential for additional funds to be available for streets and roads maintenance activities in the City of Corcoran.

**RESOLUTION NO. 2717**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN FINDING  
NO UNMET TRANSIT NEEDS AND MAKING A CLAIM FOR LOCAL  
TRANSPORTATION FUNDS AND STATE TRANSIT ASSISTANCE FUNDS**

**WHEREAS**, the California Transportation Development Act of 1971 established the Local Transportation Fund (LTF), which is administered by the Kings County Association of Governments (KCAG) Transportation Policy Committee (TPC); and

**WHEREAS**, when claims are received for LTF money for purposes not directly related to public transportation services, specialized transportation services, or facilities provided for the exclusive use of pedestrians and bicycles, the TPC shall insure that:

- a) Low mobility person's transit needs have been considered,
- b) Adequate accessible public transit service is available in the jurisdictions of each claimant has been considered,
- c) Alternative transit services have been considered; and

**WHEREAS**, pursuant to Public Utilities Code, Section 99238.5, the City of Corcoran held a duty noticed public hearing on February 18, 2014 and for the purpose of soliciting comments on the unmet transit needs that may exist within the City of Corcoran transit service area and that may be reasonable to meet by establishing or contracting for new public transportation services or specialized transportation services or by expanding existing services; and

**WHEREAS**, at said public hearings, testimony was provided concerning; and

**WHEREAS**, that based on a review of transit services being provided, the testimony received, recent transit studies, and a review of the Regional Transportation Plan which addresses the needs for transit services:

**NOW, THEREFORE, BE IT RESOLVED**, that there are \_\_\_\_\_ within the jurisdictions of the City of Corcoran that are \_\_\_\_\_.

**BE IT FURTHER RESOLVED**, that after consideration of all available information compiled pursuant to Public Utilities Code, Section 99401.5(a), (b), and (c), that the City Council of the City of Corcoran finds that there are no unmet transit needs that are reasonable to meet. That the City of Corcoran City Manager is authorized to execute and file all claims 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 and is authorized to submit and approve requests for reimbursement of funds from the Department.

The foregoing Resolution was adopted on a motion by Council Member \_\_\_\_\_ and seconded by Council Member \_\_\_\_\_, at a regular meeting held on the 18th day of February 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

\_\_\_\_\_  
Jim Wadsworth, Mayor

ATTEST:

\_\_\_\_\_  
Lorraine P. Lopez, City Clerk

**CLERKS CERTIFICATE**

I, Lorraine P. Lopez, hereby certify that the foregoing is a full, true and correct copy of a resolution passed and adopted by the City Council of the City of Corcoran at a meeting held on the 18th day of February 2014, by the vote as set forth therein.

DATED:

\_\_\_\_\_  
Lorraine P. Lopez, City Clerk

City of

# CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

**PUBLIC HEARING  
ITEM # 5B**

**MEMORANDUM**

**TO:** Corcoran City Council

**FROM:** Kevin Tromborg: Assistant Community Development Director

**SUBJECT:** Public Hearing to obtain comments to consider Resolution No. 2718 adopting new building/planning permit fees.

**DATE: February 11, 2014  
2014**

**MEETING DATE: February 18,**

**RECOMMENDATION**

Move to approve Resolution 2718 adoption of new building/planning fees.

**DISCUSSION**

The California Health and Safety Code section 1849.29 (a) requires all construction inspectors, plans examiners, and Building Officials to complete a minimum of 45 hours of continuing education for every three year period with at least eight hours regarding disability access. This is in conjunction with each certification held with an allowable overlap depending on the individual certification. The education requirements are typically met through CALBO's (California Building Officials Associations) training and education week that is presented twice a year, one in Northern California (San Ramon) and one in Southern California (Ontario). The California Health and Safety Code allows for a local government to add or increase inspection fees to the extent necessary to offset any added cost incurred in complying with these requirements. The annual cost for continuing education is as follows

2011: 5,160.00

2012: 4895.00

2013: 4789.00

2014: 4525.00 to date

Adding a flat rate fee of \$10.00 per permit based on approximately 200 permits a year adds \$ 2000.00. The City of Corcoran is averaging approximately 200 permits per year for the past three years. In 2013 The Building Department collected approximately 63,000 in Building permit fees. At 4% this equates to \$2520.00. My recommendation is a minimum charge of \$10.00 for any permit under \$250.00 and a 4% fee for permits above

\$250.00. This will generate between \$4000.00 and \$6000.00 annually based on the 2013 permit fees.

Many jurisdictions nation wide are adding an IT fee in conjunction with their permitting process to offset the overhead of programs and hardware cost associated with Community Development. These fees range from a \$5.00 minimum per permit to a \$20.00 minimum for permits under \$500.00 and or 4% of the permit fees (does not include impact fees that are attached to Building permits.) to no minimum with a 1.5% fee per permit issued (City of Los Angeles) My recommendation is a minimum of \$5.00 for every permit issued (Building and Planning) under \$250.00 and a 3% fee for permits over \$250.00. Based on Community Development permits in 2013 this will generate approximately \$3500.00 to offset the cost of program and IT upgrades.

### **BUDGET IMPACT**

These added fees will generate and add \$7000.00 to \$10,000.00 to the General fund annually.

RESOLUTION NO. 2718

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN  
ADOPTING BUILDING PERMIT FEES TO OFFSET TRAINING AND IT COSTS  
FOR THE COMMUNITY DEVELOPMENT DEPARTMENT

WHEREAS, the Health and Safety Code Section 1849.29(a) requires construction inspectors, plans examiners, and building officials to complete a minimum of 45 hours of continuing education training every three years; and,

WHEREAS, the Health and Safety Code allows local governments to add or increase inspection fees to comply with the training requirements; and,

WHEREAS, local governments are also adding IT fees to building permits to offset software and hardware costs associated with permitting;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Corcoran hereby adopts the following fees to be added to building permits:

	<u>Permits up to \$250</u>	<u>Permits \$250 or more</u>
Training/Continuing Education Fee	\$10	4% of permit
IT Fee	\$5	3% of permit

I hereby certify that the foregoing Resolution was passed and adopted at a regular meeting of the Corcoran City Council duly called and held on the 18th day of February 2014, by the following vote:

AYES:

NOES:

ABSENT:

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

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

City of

# CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

**PUBLIC HEARING  
ITEM #: 5C**

## **MEMORANDUM**

**TO:** Corcoran City Council

**FROM:** Kevin Tromborg: Assistant Community Development Director  
Building Official:

**SUBJECT:** Public Hearing to obtain comments to consider Ordinance No. 620 Adoption of the 2013 California Title 24 Codes of Regulations.

**DATE:** February 12, 2014

**MEETING DATE:** February 18, 2014

### **RECOMMENDATION:** (Voice Vote)

Move to accept and waive first reading of Ordinance No. 620, Amending Title 9 Building Regulations regarding adoption of the 2013 Title 24 California Building Code, 2013 California Residential Code, 2013 California Fire Code, 2013 California Administrative Code, 2013 California Reference Standard Code, 2013 California Plumbing Code, 2013 California Mechanical Code, 2013 California Electrical Code, 2013 California Historical Code, the 1997 Uniform Housing Code, 1997 Uniform Code for the Abatement of Dangerous Buildings, and the 2012 Uniform Swimming and Hot tub Code.

### **DISCUSSION:**

This public hearing is to discuss the adoption of the California Title 24 Codes and Standards for the City of Corcoran. The State of California has, as of January 1, 2014 adopted these codes and Standards based of the model code "2012 International Building Code, 2012 International Residential Code, 2012 International Fire Code. The Plumbing and mechanical codes remain with IAMPO model codes, although updated to the 2012 code cycle. The Electrical code remains with NEC (National Electric Code) although updated to the 2011 Model code. This code cycle has sees many changes within the model code and the adopted California Codes including the appendixes and has been review by the Building Official. The appendixes must be adopted separately.

**BUDGET IMPACT:** Minimal Advertising costs associated with publishing the ordinance. Purchase of code books and code related materials approximately \$4000.00 budgeted in the 2013/2014 FY Budget.

**ORDINANCE NO. 620**

**AN ORDINANCE AMENDING TITLE 9 BUILDING REGULATIONS OF THE CITY OF CORCORAN TO ADOPT 2013 TITLE 24 CODE OF REGULATIONS**

Chapter 1

**CALIFORNIA BUILDING CODE**

California code of regulations

Title 24 Part 2 Volumes 1 and 2

SECTION:

- 9-1-1: Adoption
- 9-1-2: Definitions; Applications of Terms
- 9-1-3: Fees For Permits And Inspection
- 9-1-4: Building Code Exemptions and Superseding Provisions
- 9-1-5: Additional Regulations
- 9-1-6: Ordinance Repeals

Section 9-1-1 of said Code is hereby amended to read as follows:

- 9-1-1: **ADOPTION:** The City of Corcoran does hereby adopt by reference as the official Building Code of the City, the 2014 California Building Code California Code of Regulations Title 24, Part 2, Volume 1 of 2, Part 2 Volume 2 of 2, based on the 2012 International Building Model Code. And specifically chapter 1 Division 2 scope and Administration, Appendix C Group U Agricultural Buildings, Appendix F Rodent Proofing, Appendix H Signs, Appendix I Patio Covers, Appendix J Grading, Appendix Chapter A1 Seismic Strengthening provisions for unreinforced masonry bearing wall. In addition, The City of Corcoran does hereby adopt by reference The 2013 California Historical Building Code, 2013 California Residential Code California Code of Regulations Title 24 Part 2.5 with the exception and exclusion of appendix L Permit Fees. The 2013 Administrative Code, the 1997 Uniform Code for the abatement of Dangerous buildings, the 1997 Uniform housing Code, and the 2013 Referenced Standard Code. If any section, subsection, sentence, clause or phrase of this chapter is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this chapter  
The Building Official is hereby authorized and directed to enforce all the provisions of this Chapter. The Building Official shall have the authority to render interpretations of this chapter and these codes and adopt policies and procedures in order to clarify the application of its provisions. For such purpose he/she shall have the powers of a police officer.

9-1-2: DEFINITIONS; APPLICATIONS OF TERMS: Whenever any of the names or terms defined in this Section or in this Chapter or Codes adopted herein by reference, each such term or name shall have the meaning ascribed to it in this Section.

- A. "City shall mean the City of Corcoran
- B. "The Authority having Jurisdiction" shall mean the Building Official of the City of Corcoran or Inspectors and Code Compliance Officers duly authorized to act in his/her behalf (Ord 497 NS).
- C. "Approved "Acceptable to the Authority having Jurisdiction.

9-1-3: FEES FOR PERMITS AND INSPECTION: The 2013 Fee schedules contained in any of these adopted codes are deleted and will be replaced by a Fee schedule prepared by the Building Official based on a fee study. In lieu of a fee study the existing fee schedule shall remain in effect. The determination of value or valuation under any of the provisions of this Chapter shall be made by the Building Official

9-1-4: BUILDING CODE EXEMPTIONS AND SUPERSEDING PROVISIONS: The following sections of the 2013 California Building Codes are deleted, amended, modified or superseded as indicated:

Section 107.3.1 Appendix Chapter 1 of said Code reads as follows:

When the Building Official issues a permit the construction documents shall be Approved, in writing or by stamp as "Reviewed for Code Compliance" One set of construction documents so reviewed shall be retained by the Building Official. The other set shall be returned to the applicant, and shall be kept at the site of work and shall be opened to inspection by the Building Official or a duly authorized representative. Such approved plans and specifications shall not be changed, modified or altered without authorization from the Building Official, and all work shall be done in accordance with the approved plans.

Housing Inspections and Letters of Compliance: Upon a request for a housing inspection, the applicant shall be charged a fee of - seventy seven dollars (\$77.00) per hour with a two hour minimum, and a travel fee of fifty six cents (\$0.56) per mile each way to be paid to the Building Official to cover the cost of the housing inspection and letter of compliance.

9-1-5: ADDITIONAL REGULATIONS: (Reserved) (Ord. 497 N.S., 8-17-1992)

9-1-6: ORDINANCE REPEALS: All other ordinances or parts of ordinances in conflict herein repealed, including Ordinance 497; except, that this repeal shall not affect or prevent the prosecution or punishment of any person for any act done or committed in violation of any ordinance hereby repealed prior to the taking effect of this Chapter. (Ord. 497 N.S., 8-17-1992)

Chapter 2  
**CALIFORNIA PLUMBING CODE**  
California code of regulations  
Title 24 part 5

SECTION:

- 9-2-1: Adoption
- 9-2-2: Definitions; Applications Of Terms
- 9-2-3: Fees For Permits And Inspection
- 9-2-4: Plumbing Code Exemptions And Superseding Provisions
- 9-2-5: Additional Regulations
- 9-2-6: Ordinance Repeals

9-2-1: ADOPTION: The City of Corcoran does hereby adopt by reference as the official Plumbing Code of the City, the 2013 California Plumbing Code Title 24, Part 5 as published by the International Association of Plumbing and Mechanical Officials, based on the 2012 Uniform Plumbing Model Code. The 2012 Uniform swimming pool and Hot Tub Code. Included specifically are California Plumbing Code Appendix A (Administration), Appendix D (Drainage Systems), Appendix I (Installation Standards), and Appendix K (Private Sewage Systems) If any section, subsection, sentence, clause, or phrase of this chapter is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of the chapter.

The Building Official is hereby authorized and directed to enforce all the provisions of this Chapter. The Building Official shall have the authority to render interpretations of this chapter and this code and adopt policies and procedures in order to clarify the application of its provisions. For such purpose he/she shall have the powers of a police officer.

9-2-2: DEFINITIONS; APPLICATIONS OF TERMS: Whenever any of the names or terms defined in this Section are in this Chapter or Codes adopted herein by reference, each such term or name shall have the meaning ascribed to it in this Section.

- A. "City shall mean the City of Corcoran
- B. All other names or terms shall apply to the appropriate officer, board or body of the City of Corcoran.
- C. "Authority having Jurisdiction" shall mean the Building Official of the City of Corcoran or inspectors and code compliance Officers duly authorized to act in his/her behalf. (Ord. 497 N.S., 8-17-1992)
- D. Approved Acceptable to the Authority having Jurisdiction.

9-2-3: FEES FOR PERMITS AND INSPECTION: The 2013 Fee schedules contained in any of these adopted codes are deleted and will be replaced by a Fee schedule prepared by the Building Official based on a Fee Study. In lieu of a fee study the existing fee schedule shall remain in effect. The determination of value or valuation under any of the provisions of this Chapter shall be made by the Building Official

Section 9-2-4 of said Code is hereby deleted:

9-2-5: ADDITIONAL REGULATIONS: (Reserved) (Ord. 497 N.S., 8-17-1992)

9-2-6: ORDINANCE REPEALS: All other ordinances or parts of ordinances in conflict herein are repealed, including Ordinance 497; except, that this repeal shall not affect or prevent the prosecution or punishment of any person for any act done or committed in violation of any ordinance hereby repealed prior to the taking effect of this Chapter. (Ord. 497 N.S., 8-17-1992)

Chapter 3  
CALIFORNIA ELECTRICAL CODE  
California Code of Regulations  
Title 24 Part 3

SECTION:

- 9-3-1: Adoption
- 9-3-2: Definitions; Applications Of Terms
- 9-3-3: Fees For Permits And Inspection
- 9-3-4: Electrical Code Exemptions And Superseding Provisions
- 9-3-5: Additional Regulations
- 9-3-6: Ordinance Repeals

9-3-1: ADOPTION: The City of Corcoran does hereby adopt by reference as the official Electrical Code of the City, the 2013 California Electrical Code Title 24 Part 3. Published by BNI Productions, Inc. Based on the 2011 National Electric Model Code, copyright National Fire Production Association. Included specifically is Annex H (Administration)

The Building Official is hereby authorized and directed to enforce all the provisions of this Chapter. The Building Official shall have the authority to render interpretations of this chapter and this code and adopt policies and procedures in order to clarify the application of its provisions. For such purpose he/she shall have the powers of a police officer. If any section, subsection, sentence, clause, or phrase of this chapter is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of the chapter.

9-3-2: DEFINITIONS; APPLICATIONS OF TERMS: Whenever any of the names or terms defined in this Section are in this Chapter or Codes adopted herein by reference, each such term or name shall have the meaning ascribed to it in this Section.

- A. "City shall mean the City of Corcoran
- B. All other names or terms shall apply to the appropriate officer, board or body of the City of Corcoran.
- C. "Chief Electrical Inspector" shall mean the Building Official of the City of Corcoran.
- D. "Authority having Jurisdiction" shall mean the Building Official of the City of Corcoran or Inspectors and Code Compliance Officers duly authorized to act in His/her behalf.
- E. "Approved" Acceptable to the Authority having Jurisdiction.

-3-3: FEES FOR PERMITS AND INSPECTION: The 2013 Fee schedules contained in any of these adopted codes are deleted and will be replaced by a Fee schedule prepared by the Building Official based on a Fee Study. In lieu of a fee study the existing fee schedule shall remain in effect. The determination of value or valuation under any of the provisions of this Chapter shall be made by the Building Official

9-3-4: ELECTRICAL CODE EXEMPTIONS AND SUPERSEDING PROVISIONS: (Reserved) (Ord. N.S., 8-17-1992)

9-3-5 ADDITIONAL REGULATIONS:

- A. Location: the service disconnecting means shall be installed either inside or outside of a building or other structure at a readily accessible locations nearest he point of entrance of the service conductors. Except in "H" occupancies, the main service disconnecting means shall be located outside the building at a readily accessible location in case of fire. 2013 CEC 230.70 (A) (1) - (C)
- B. Metal Lighting Fixtures, Lamp holders And Faceplates: Underground metal lighting fixtures, lamp holders and faceplates shall not be installed in contact with conducting surfaces nor within eight feet (8') vertically or five feet (5') horizontally of laundry tubs, bathtubs, shower baths, plumbing fixtures, steam pipes or other grounded metal work or grounded surfaces.
- C. Metal Pull Chains: Metal pull chains used at these locations shall be provided with insulating links. (Ord. 497 N.S., 8-17-1992)
- D. Rating of Service Disconnecting means For one family dwelling Shall have a rating of not less than 100 amperes 3-wire

9-3-6 ORDINANCE REPEALS: All other ordinances or parts of ordinances in conflict herein are repealed, including Ordinance 497; except, that this repeal shall not affect or prevent the prosecution or punishment of any person for any act done or committed in violation of any ordinance hereby repealed prior to the taking effect of this Chapter. (Ord. 497 N.S., 8-17-1992)

Chapter 4  
**CALIFORNIA MECHANICAL CODE**  
California Code of Regulations  
**Title 24 Part 4**

SECTION:

- 9-4-1: Adoption
- 9-4-2: Definitions; Applications Of Terms
- 9-4-3: Fees For Permits And Inspection
- 9-4-4: Mechanical Code Exemptions And Superseding Provisions
- 9-4-5: Additional Regulations
- 9-4-6: Ordinance Repeals

9-4-1: ADOPTION: The City of Corcoran does hereby adopt by reference as the official Mechanical Code of the City, the 2013 California Mechanical Code as published by the International Association of Plumbing and Mechanical Officials, based on, 2012 Uniform Mechanical Model Code. Included specifically are the California Mechanical Code Appendix Chapter 1 (Administration) If any section, subsection, sentence, clause, or phrase of this chapter is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of the chapter.

9-4-2: DEFINITIONS; APPLICATIONS OF TERMS: Whenever any of the names or terms defined in this Section are in this Chapter or Codes adopted herein by reference, each such term or name shall have the meaning ascribed to it in this Section.

- A. "City shall mean the City of Corcoran
- B. All other names or terms shall apply to the appropriate officer, board or body of the City of Corcoran
- C. "Authority having Jurisdiction" shall mean the Building Official of the City of Corcoran or Inspectors and Code Compliance Officers duly authorized to act in His/her behalf.
- D. "Approved" Acceptable to the Authority having Jurisdiction.

9-4-3: FEES FOR PERMITS AND INPSECTION: The 2007 Fee schedules contained in any of these adopted codes are deleted and will be replaced by a Fee schedule prepared by the Building Official based on a Fee Study. In lieu of a fee study the existing fee schedule shall remain in effect. The determination of value or valuation under any of the provisions of this Chapter shall be made by the Building Official

9-4-4: MECHANICAL CODE EXEMPTIONS AND SUPERSEDING PROVISIONS:  
The following section of the **California** Mechanical Code is hereby amended as follows:

Table 3-C of said Code is hereby amended by adding item 22, which reads as follows:

22. In lieu of the foregoing specific fees, a flat rate may be charged for each unit for single-family dwellings, duplexes and multiple-family units in accordance with the current flat rate fees in the California Mechanical Code. (Ord. 497 N.S., 8-17-1992; 1996 Code)

9-4-5 ADDITIONAL REGULATIONS: (Reserved) (Ord. N.S., 8-17-1992)

9-4-6 ORDINANCE REPEALS: All other ordinances or parts of ordinances in conflict herein are hereby repealed, including Ordinance 497; except, that this repeal shall not affect or prevent the prosecution or punishment of any person for any act done or committed in violation of any ordinance hereby repealed prior to the taking effect of this Chapter. (Ord. 497 N.S., 8-17-1992)

Chapter 5  
CALIFORNIA FIRE CODE  
California Code of Regulations  
Title 24 Part 9

SECTION:

- 9-5-1: Adoption
- 9-5-2: Establishment And Duties Of Fire Department
- 9-5-3: Definitions: Application Of Terms
- 9-5-4: Establishment Of Limits Of Districts In Which Storage Of Flammable Or Combustible Liquids In Outside Aboveground Tanks Is To Be Prohibited
- 9-5-5: Establishments Of Limits In Which Bulk Storage Of Liquefied Petroleum Gases Is To Be Restricted
- 9-5-6: Establishment Of Limits Of Districts In Which Storage Of Explosives And Blasting Agents Is To Be Prohibited
- 9-5-7: Amendments Made In The Uniform Fire Code
- 9-5-8: Appeals
- 9-5-9: New Materials, Processes Or Occupancies Which May Require Permits
- 9-5-10: Penalties

9-5-1: ADOPTION: There is hereby adopted by the City Council for the purpose of prescribing regulations governing conditions hazardous to life and property

from fire or explosion, that certain code known as the 2013 California Fire Code California Code of regulations Title 24 Part 9, based on the 2012 International Fire code, including Appendix chapter 1 division 2 (Administration ), Appendix Chapter 4 ( special occupancies ), Appendix B (Fire flow requirements), Appendix C ( Fire Hydrant Locations ), Appendix D (Apparatus access), Appendix E (Hazard occupancies), Appendix F (Hazard Rankings), Appendix G (Cryogenic Fluids), Appendix H (Hazard Management Plans) (Ord. 455 N.S., 3-21-1988)

9-5-2 ESTABLISHMENT AND DUTIES OF FIRE DEPARTMENT:

- A. The California Fire Code shall be enforced, supervised, and interpreted by the Kings County Fire Chief or authorized representative. And/or the City of Corcoran Building Official
- B. The Fire Chief of the Fire Department may detail such members of the Fire Department as inspectors as shall from time to time be necessary. The Fire Chief of the Fire Department in conjunction with the Building Official shall recommend to the City Manager the employment of technical inspectors or consultants who, when such authorization is made, shall be selected for their special credentials and qualifications. (Ord. 455 N.S., 3-21-1998)

9-5-3: DEFINITIONS; APPLICATIONS OF TERMS:

- A. Wherever the word “jurisdiction” is used in the California Fire Code, it shall be held to mean City of Corcoran.
- B. Wherever the term “Corporation Counsel” is used in the California Fire Code, it shall be held to mean the Attorney for the City of Corcoran.
- C. Wherever the word “Fire Department” is used in the California Fire Code, it shall be held to mean the Kings County Fire Department.
- D. Wherever the word “Fire Chief” is used in the California Fire Code, it shall be held to mean the Fire Chief of the Kings County Fire Department. (Ord. 497 N.S., 8-17-1992)

Chapter 6  
NUMBERING BUILDINGS

SECTION:

9-6-2: Failure to Place Numbers; Lien

Section 9-6-2 of said Code is hereby amended to read as follows:

9-6-2: FAILURE TO PLACE NUMBERS; LIEN:

- A. Failure To Comply: If any owner of an existing structure shall fail or neglect to comply with the provisions of this Chapter, the Building Official is hereby authorized and instructed to purchase and install property numbers. The cost of such numbers, labor for placing them, and administrative cost are set at one hundred dollars (\$100.00). If not paid by the owner of record, such cost shall be, and is hereby declared to constitute, a lien against the property. (Ord. 488 N.S., 5-20-1991)

Chapter 7  
MOVING BUILDINGS

SECTION:

9-7-7: Fees

Section 9-7-7 of said Code is hereby amended to read as follows:

9-7-7: FEES: The 2013 fee schedule contained in any of these adopted codes are deleted and will be replaced by a fee schedule prepared by the Building Official based on a fee study. In lieu of a fee study the existing fee schedule shall remain in effect. Relocation investigation service shall be for Seventy Seven dollars (\$77.00) per hour plus fifty cents (\$0.56) per mile. (Ord. 226 N.S., 8-3-1964; 1996 Code)

All other provisions of Title 9, of said Code shall be and remain in full force and effect.

This Ordinance shall take effect thirty (30) days from the date of its passage. Before the expiration of fifteen (15) days after its passage, this Ordinance shall be published once in the Corcoran Journal, a newspaper of general circulation, printed and published in the City of Corcoran.

PASSED AND ADOPTED by the City Council of the City of Corcoran at a regular meeting thereof held on the 18th day of February, 2014, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED: \_\_\_\_\_  
Mayor

ATTEST: \_\_\_\_\_  
City Clerk

**MEMORANDUM**

**TO:** Corcoran City Council

**FROM:** Kindon Meik, City Manager

**DATE:** February 12, 2014      **Meeting Date:** February 18, 2014

**SUBJECT:** Consider One Year Contract Extension With Auditing Firm

**Recommendation:**

Approve one year extension with Price, Paige & Company as the City's auditing firm.

**Discussion:**

Price, Paige & Company has contracted with the City to complete its annual audit since 2007. All audits have been carried out with professionalism and noted expertise.

At this time, Staff is requesting a one year contract extension with Price, Paige & Company. With the pending personnel transitions in the Finance Department as a result of upcoming retirements, it is in the City's best interest to contract with the current auditing firm and thus continue to utilize the auditing team's experience and familiarity with the City's financial statements and reports.

**Budget Impact:**

The proposal from Price, Paige & Company is not expected to exceed \$42,335. This amount represents no increase from the 2012-2013 audit performed by the firm.



The Place to Be

January 30, 2014

Mayor Jim Wadsworth  
City of Corcoran  
832 Whitley  
Corcoran, California 93212

Dear Mayor Wadsworth:

We are pleased to confirm our understanding of the services we are to provide City of Corcoran (the City) for the year ended June 30, 2014. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of City as of and for the year then ended June 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City's 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. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedules

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards
2. Schedule of funding progress
3. Combining and individual fund statements

677 Scott Avenue  
Clovis, CA 93612

tel 559.299.9540  
fax 559.299.2344

## **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

## **Management Responsibilities**

Management is responsible for the basic financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in

compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

#### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our

tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Circular A-133 Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Price, Paige & Company and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your cognizant agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Price, Paige & Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date.

Total fees for the above services are not expected to exceed \$42,335. This fee is based on our understanding that the City will have only one major federal program. Any additional major programs will require additional audit fees and these will be discussed with the Finance Director for approval prior to commencing the work. Our fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected

circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our current billing rates are as follows: Principal: \$250; Manager: \$150; Senior Staff: \$130; Staff: \$115; Support Staff: \$85. Payments for services are due when rendered and interim billings may be submitted as work progresses and expenses are incurred. We will issue a monthly billing statement for the work completed in that month. Our billing rates are reviewed annually and, where appropriate, adjusted for any increases due to inflation and other factors.

If any dispute pertaining to our work product arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

All work will be suspended if your account becomes 90 days past due. No work will be resumed until your account is fully paid. Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

*Government Auditing Standards* require that we provide you with a copy of our most recent quality review report and any letter or comment, and any subsequent peer review reports or letters of comment received during the period of the contract. Our 2012 peer review report accompanies this letter (See Exhibit A).

We appreciate the opportunity to be of service to the City of Corcoran and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return to us.

Very truly yours,



Fausto Hinojosa, CPA, CFE  
Price, Paige & Company

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RESPONSE:

This letter correctly sets forth the understanding of City of Corcoran.

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Signature

Title

Date

**EXHIBIT A**

**CHIANG, HAMMON & COMPANY**

**Certified Public Accountants**

2007 W. Hedding Street, Suite 209 San Jose, CA 95128

(408) 244-2002 (408) 244-2333 Fax

**System Review Report**

November 8, 2012

To Price Paige & Company AC  
Certified Public Accountants and the Peer Review Committee of the CalCPA

We have reviewed the system of quality control for the accounting and auditing practice of Price Paige & Company AC in effect for the year ended April 30, 2012. Our peer review was conducted in accordance with the Standards for Performing and reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards and audits of Employee Benefit Plans*;

In our opinion, the system of quality control for the accounting and auditing practice of Price Paige & Company AC in effect for the year ended April 30, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of conforming with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Price Paige & Company has received a peer review rating of *pass*.



Chiang, Hammon & Company

City of

# CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

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

**MEMORANDUM**

**TO:** City Council

**FROM:** Steve Kroeker, City of Corcoran Public Works:

**DATE:** 2/13/2014

**MEETING DATE:** 2/18/2014

**SUBJECT:** Consider approval of lease agreement between the City of Corcoran and Nunhems USA, Inc.

**Recommendation:**

**That the Council approves the agreement proposed between the City of Corcoran and Nunhems USA, In. for the lease of six acres at the City's Wastewater facilities.**

**Discussion:**

The City of Corcoran has been for the past several years been leasing land to Nunhems USA, Inc. for the purpose of growing various plants for seed. The terms of this lease are similar or the same as the terms associated with past leases other than the amount of land being leased.

Nunhems USA, Inc. is currently onsite leasing and working the property which is why the term of this lease is being shown to commence on September 15, 2013. We have been waiting for this lease agreement to be worked out which is the reason for the delay.

Nunhems USA, Inc is using wastewater effluent so this operation has no impact on our City water supply.

**Budget Impact:**

In addition to the income coming to this fund as a result of the lease the fund also benefits as a result of reduced maintenance cost to the Wastewater Pond areas associated with the lease. Hopefully in the future they will be able to lease additional land which of course would be more beneficial to this fund.

## LEASE AGREEMENT

THIS LEASE AGREEMENT is made and effective September 15, 2013, by and between **CITY OF CORCORAN**, a municipal corporation organized and existing under the laws of the State of California (“**Lessor**”), with its principal place of business located at 832 Whitley Ave, Corcoran, California, in the County of Kings, State of California, and **NUNHEMS USA, INC.** (“**Lessee**”), maintaining its principal place of business at 1200 Anderson Comer Road, Parma, Idaho, 83660.

In consideration for the rents and covenants hereinafter set forth in this Lease, the Lessor hereby leases to Lessee and Lessee hereby leases from the Lessor the Premises, upon the following terms and conditions:

### ARTICLE 1 LEASED PREMISES

#### **Section 1.01 Leased Premises.**

Lessor for and in consideration of the rents, covenants, and conditions herein contained to be kept, performed, and observed, does hereby leased and demise to Lessee, and Lessee does hereby rent and accept from Lessor, that certain land described as:

West six acres of Section #2 of the City of Corcoran wastewater facilities land disposal site (“Premises” or “Property”).

**Section 1.02 Lessor’s Warranty of Quiet Enjoyment.** Lessor covenants and agrees that Lessee, upon timely paying the rent and other charges herein provided for and performing the Lessee’s obligations in accordance with this Lease, shall lawfully and quietly hold, occupy and enjoy the leased Premises during the Lease Term without hindrance or molestation by Lessor or any person claiming under Lessor.

### ARTICLE 2 LEASE TERM

**Section 2.01 Fixed Term.** This Lease shall be for a period of one (1) years. The Lease Term shall commence on September 15, 2013 and expire at 11:59:59 P.M. on September 14, 2014 (the “**Initial Term**”).

**Section 2.02 Holding Over.** If the Lessee, or any Person claiming under the Lessee, should hold possession of the Premises or any part thereof after the termination or expiration of this Lease, then such holding over shall constitute a tenancy from month-to-month, upon the same terms, covenants and conditions contained in this Lease so far as they are applicable, except that the monthly payment rent due from Lessee shall be equal to one hundred fifty percent (150%) of the rent. In addition, the Lessee shall pay all damages sustained by the Lessor by reason of such holding over, and shall, upon demand by Lessor, indemnify, defend (with legal counsel selected by the Lessor) and hold the Lessor harmless from and against any loss or liability resulting from such

holding over. Lessor's acceptance of such rent shall create only a tenancy at sufferance, upon the terms set forth in this section. Any such tenancy shall be terminable at any time by either party upon ten (10) days written notice to the other party. Nothing contained in this section shall be deemed or constructed to waive Lessor's right of re-entry or any other right of Lessor hereunder or at law, or as permission for the Lessee to hold-over.

ARTICLE 3  
RENT, TAXES AND UTILITIES

**Section 3.01 Rent.**

(a) **Initial Term:** The rent shall be six hundred dollars (\$600) per acre and must be paid in full by February 15, 2014. Said rent shall be non-refundable. Lessee must pay all rent to Lessor without notice or demand in lawful money of the United States of America, at the address set forth in Section 11.06 or at such other place as Lessor may from time to time designate in writing

**Section 3.02 Utilities.**

[Reserved].

**Section 3.03 Personal and Real Property Taxes.** Pursuant to Revenue and Taxation Code section 107.6, the Lessee's possessory interest in this Agreement may be subject to property taxation, and the Lessee may be subject to the payment of property taxes levied on such interest. Any and all real, personal, property, or other taxes and assessments levied or assessed against the Property and Premises by any governmental entity, including any special assessments imposed on or against the Property and Premises for the construction or improvement of public works in, on, or above the Property and Premises, shall be paid by Lessee before they become due. The Lessee must pay, prior to delinquency, such possessory interest tax, any personal property taxes related to Lessee's personal property, fixtures and equipment located on or within the Property and Premises, and all other taxes, fees, and assessments levied against the Premises or the Property for the term of this Lease.

ARTICLE 4  
USE OF THE PREMISES

**Section 4.01 Primary Use.** The leased premises shall be used by the Lessee exclusively for lawful farming operations only and no other activities or uses are permitted ("**Permitted Use**"). In connection the use of the Premises, the Lessee shall comply with all applicable rules, regulations, statutes, and ordinances of all governmental authorities, whether now in force or which may hereafter be enacted or promulgated, and shall hold the Lessor harmless from any penalties or damages arising out of the use of the Premises by the Lessee. Any proposed change in the Permitted Use shall require the prior written approval of the Lessor which may be granted or denied in the Lessor's sole discretion. The Lessee's failure to use the Premises exclusively for the Permitted Use shall constitute a default of this Lease.

**Section 4.02 Right of Lessor to Inspect.** The Lessor (and its agents) shall have a right of access to the Premises at all reasonable times upon providing no less than forty-

eight (48) hours prior written notice to the Lessee, (except in case of emergency in which event no prior notice need be given), for purposes of: (i) performing structural inspections, testing and repairs to the Premises; (ii) determining compliance with the provisions of this Lease; (iii) posting notices in connection with this Lease; and (iv) exhibiting the Premises to prospective purchasers or other parties. In exercising this right of access, the Lessor shall use commercially reasonable efforts to avoid unreasonably disturbing the Lessee's quiet enjoyment and use and occupancy of the Premises.

**Section 4.03 Additional Prohibited Uses.**

(a) The Lessee agrees not to sell or permit to be kept, used, or sold in or about said Premises any items or materials which may be prohibited by a standard form policy of fire insurance. The Lessee also agrees not to do or permit anything to be done in or about the Premises nor bring or keep anything on the Premises which will in any way cause a cancellation of any insurance policy covering the Premises.

(b) The Lessee agrees not to use or allow the Premises to be used for any unlawful purpose. The Lessee further agrees not to cause, maintain, or permit any public or private nuisance on the Premises. The Lessee agrees not to commit or allow to be committed any waste of the Premises.

**Section 4.04 Reservation of Rights.**

Notwithstanding any other provision in this Lease, Lessor reserves the right to discharge wastewater onto the Premises without any setoff, discount, liability or payment to Lessee.

**ARTICLE 5  
LIENS**

**Section 5.01 Prohibition of Liens on Fee or Leasehold Interest.**

(a) Lessee shall not suffer or permit any mechanic's liens or other liens to be filed or recorded against the fee interest of the lot and improvements on which Premises are located, nor against Lessee's leasehold interest in the Premises nor any buildings or improvements on the lot containing the Premises by reason of any work, labor, services, or materials supplied or claimed to have been supplied to Lessee or anyone holding the leased premises or any part thereof through or under Lessee. Upon demand by the Lessor, the Lessee shall hold harmless, indemnify and defend (with legal counsel reasonably selected by the Lessor) the Lessor against any liens and encumbrances arising out of work performed or materials furnished by or at the direction of the Lessee, and all costs and expenses incurred by the Lessor related thereto.

(b) The Lessee must do all things reasonably necessary to prevent the filing of any mechanics' or other liens against the Property or any part thereof by reason of work, labor, services or materials supplied or claimed to have been supplied to the Lessee, or anyone holding the Premises, or any part thereof, through or under the Lessee. If any such lien shall at any time be filed against the Property, the Lessee shall cause the same to be discharged of record by bond or otherwise within ten (10) days after notice of the filing thereof. Nothing contained herein shall imply any consent or agreement on the part of the Lessor to subject the Lessor's estate to liability under any mechanics' or other lien law including property taxes and special assessments. If the Lessee shall fail to cause

such lien to be so discharged or bonded after being notified of the filing thereof, then in addition to any other right or remedy of the Lessor, the Lessor may, after notice to the Lessee, discharge the same by paying the amount claimed to be due and the amount so paid by Lessor together with interest thereon at the rate of five percent (5%) and all costs and expenses, including reasonable attorneys' fees incurred by the Lessor in procuring the discharge of such lien, shall be due and payable by the Lessee to the Lessor as additional rent on demand.

(c) The Lessee shall give the Lessor adequate prior written notice of the commencement of any proposed work in the Premises and the Lessor shall have the right to post such notices of non-responsibility as are provided for in the lien laws of the state of California.

**Section 5.02 Removal of Liens by Lessee.** If any such mechanic's liens or materialman's liens shall be recorded against the leased premises, or any improvements thereof, Lessee shall cause the same to be removed immediately upon notice thereof. In the alternative, if Lessee in good faith desires to contest the same, Lessee shall be privileged to do so upon the express prior written consent of Lessor and only after depositing with Lessor the amount necessary to release such lien; and in such case, Lessee hereby agrees to indemnify and save the Lessor harmless from all liability for damages occasioned by said contest by Lessee and shall, in the event of a judgment of foreclosure upon said mechanic's lien, Lessee must cause the same to be discharged and removed prior to the execution of such judgment and Lessor shall be authorized to discharge such judgment with any deposit of Lessee's funds held by Lessor.

**Section 5.03 Survival of Article.** The obligations of the Lessee under this Article shall survive the termination of this Lease.

## ARTICLE 6 INDEMNITY

### **Section 6.01 Non-Liability and Indemnification of Lessor.**

(a) **Lessor Not Liable for Damages.** Lessor shall not be liable at any time for any loss, damage, or injury to the Property or person whomsoever at any time occasioned by or arising out of an act or omission of the Lessee, or of anyone holding under Lessee.

(b) **Indemnification of Lessor.** Notwithstanding anything to the contrary in this Lease, and, irrespective of any insurance carried by Lessee for the benefit of Lessor, Lessee agrees, upon demand from the Lessor, to defend (with legal counsel reasonably selected by the Lessor), indemnify and hold harmless Lessor, and the Lessor's governing body, officers, employees, and agents from any and all claims, costs and liability for any damage, injury or death of or to any person or to the property of any person arising out of the acts, errors or omissions of the Lessee, its successors, its officers, agents, employees or invitees, including, but not limited to, (i) the violation of any environmental law, (ii) any construction or alteration of the Premises, (iii) the Lessee's failure to comply with this Lease, (iv) the Lessee holding over the Premises following the termination of this Lease, or (v) the Lessee's use, maintenance or operation of the Premises (including, but not limited to, the Lessee's failure to comply with any and all governmental laws, ordinances, and regulations applicable to the use of the Premises).

(c) The obligations of the Lessee under this section shall survive the termination of this Lease.

ARTICLE 7  
ASSIGNMENT AND SUBLEASING

**Section 7.01 Lessor's Consent Required.**

(a) This Lease is entered into solely for the operation and use of the Premises in accordance with the terms of this Lease. The qualifications and identity of the Lessee are of particular importance and significance to the Lessor because of:

- (1) The importance of the use and operation of the Premises to the general welfare of the community; and
- (2) The fact that a Transfer (as defined below) is for practical purposes a transfer or disposition of the Premises and/or a sublease or assignment of this Lease.

(b) It is because of the qualifications and identity of the Lessee that the Lessor is entering into this Lease with the Lessee and that Transfers (as defined below) are permitted only as provided in this Lease. Lessee shall not assign, transfer, mortgage, pledge, hypothecate or encumber the Premises, this Lease or any interest therein, or any part thereof, or any interest in the Lessee (each of which is referred to as a "Transfer") without the prior written consent of the Lessor which may be granted or denied in the Lessor's reasonable discretion. This prohibition against assigning or subletting shall be construed to include a prohibition against any assignment or subletting by operation of law.

**Section 7.02 Conditions of Consent.** As a condition to its consent, Lessor may require Lessee to pay all expenses in connection with the assignment, and Lessor may require Lessee assigned to assume in writing the obligation of Lessee under this Lease. If the Lessee attempts or otherwise completes a Transfer without first obtaining the Lessor's prior written consent then Lessor may, at its sole option, do any or all of the following in addition to any other remedies available under this Lease or applicable law: (a) void the Transfer and continue the Lease in effect or (b) ratify the Transfer.

**Section 7.03 No Waiver.** The consent by Lessor to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting and Lessor shall remain secondarily liable for rent and all other amounts due under this Lease.

ARTICLE 8  
DEFAULTS AND REMEDIES

**Section 8.01 Default.** Lessor may, at its option and without limiting Lessor in the exercise of any other right or remedy it may have on account of a default or breach by Lessee, exercise the rights and remedies specified in Section 8.02 if:

(a) **Abandonment.** Lessee's abandonment or vacation of the Premises for a period of thirty (30) or more consecutive days while Lessee is in default of this Lease and the rent is past due by at least one day shall be deemed an abandonment by Lessee.

(b) **Material Misrepresentation.** The Lessee or anyone acting on the Lessee's behalf, made a material misrepresentation as to any matter in any way related to Lessor's decision contract with Lessee.

(c) **Unreasonable Risk to Lessor.** The Lessee engages in misconduct or allows circumstances to exist which, in the sole discretion of the Lessor, expose the Lessor to an unreasonable risk of liability or loss.

(d) **Other Default** The Lessee's failure to observe and perform any other provision of this Lease to be observed or performed by the Lessee where such failure continues for thirty (30) days after written notice by the Lessor to the Lessee except that if the nature of the default is such that the same cannot be reasonably cured within ten (10) days, the Lessee shall not be deemed to be in default if the Lessee shall within such period commence to cure and thereafter diligently proceeds with the same to completion within thirty (30) days from the date of the Lessee's receipt of such written notice.

**Section 8.02 Remedies.** Upon any breach, default, or abandonment by Lessee, Lessor may exercise any, all, or any combination of the following rights after the relevant period(s) of time stated in this Lease:

(a) **Re-Entry, Removal and Storage of Property-Repairs.** Immediately re-enter and remove all persons and property from the leased Premises, storing the personal property in a public warehouse or elsewhere at the cost of, for the account of, and at the risk of Lessee. In the event of any such re-entry by Lessor, Lessor may make any repairs, additions, or improvements in, to or upon the Premises which may be necessary or convenient provided, however, that Lessor shall be entitled to recover from Lessee the expense of said repairs or alterations only to the extent necessary to restore the Premises to the condition that such Premises were in on the commencement of the Lease Term, reasonable wear and tear excepted. In such instance, the Lease will be terminated, and Lessor will be entitled otherwise to recover all damages allowable under the law or this Lease.

(b) **Termination of Lease; Damages.** Terminate this Lease, in which event Lessee agrees to immediately surrender possession of the Premises, and to pay Lessor, in addition to any other remedy Lessor may have, all amounts past due and all damages Lessor may incur by reason of Lessee's defaults including the cost of restoring the Premises. Upon termination of this Lease fore Lessee's default, Lessor may recover from Lessee all of the following:

(1) Unpaid Rent. The value at the time of the award of any unpaid rent that had been earned at the time of the termination, to be computed by allowing interest at the rate set forth in Section 5.01, but in no case greater than the maximum amount of interest permitted by law;

(2) Projected Rent. The amount of rent that, more likely than not, would have been earned between the time of the termination and the time of the award, plus

interest at the rate set forth in Section 5.01, but in no case greater than the maximum amount of interest permitted by law;

(3) **Other Amounts Reasonably Necessary.** Any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform obligations under this Lease, including brokerage commissions and advertising expenses, expenses of remodeling the Premises for a new Lessee (whether for the same or a different use), and any special concessions made to obtain a new Lessee; and

(4) Any other amounts, in addition to or in lieu of those listed above, that may be permitted by applicable law.

(d) **Continuation of Lease in Effect.** Lessor shall have the remedy described in California Civil Code Section 1951.4, which provides that, when the Lessee has the right to sublet or assign (subject only to reasonable limitations), the Lessor may continue the Lease in effect after the Lessee's breach and abandonment and recover projected rent from Lessee as it becomes due. Accordingly, if Lessor does not elect to terminate this Lease on account of any default by Lessee, Lessor may enforce all of Lessor's rights and remedies under this Lease, including the right to recover all rent, and projected rent as described in this section, as it becomes due.

(e) **Specific Performance.** The Lessor may seek specific performance by Lessee of any obligation in this Lease, after which the Lessor shall retain, and may exercise and enforce, any and all rights that the Lessor may have against the Lessee as a result of such default.

(f) **Cure of Default By Lessor.** The Lessor may cure the default on behalf of the Lessee utilizing the deposit, or otherwise, and may add all costs incurred by the Lessor in curing such default to the rent due hereunder, and such additional rent shall accrue interest at the rate set forth in Section 5.01.

(g) **Other Remedies.** The Lessor may pursue any other remedy available at law or equity.

**Section 8.03 No Waiver of Default.** Either party's waiver of any term, covenant, or condition hereunder shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition. The acceptance of rent by the Lessor shall not be deemed to be waiver of any prior breach by the Lessee of any term, covenant or condition of this Lease, other than the entitlement of Lessor to receive the particular amount rent so accepted, regardless of the Lessor's knowledge of such prior breach at the time the Lessor accepts such rent. Either party's failure to exercise any right, option or privilege hereunder shall not be deemed a waiver of such right, option or privilege nor shall it relieve the other party from (1) its obligation to perform each and every covenant and condition on its part to be performed, or (2) any damages or other remedy for failure to perform the obligations of this Lease.

**Section 8.04 Remedies Cumulative.** The rights, powers, elections, and remedies of the parties contained in this Lease shall be construed as cumulative and no one of them is or shall be considered exclusive of the other or exclusive of any rights or remedies allowed by law, and the exercise of one or more rights, powers, elections, or remedies shall not impair the party's right to exercise any other.

**Section 8.05 Lessor's Right to Perform or Cure.** If the Lessee fails to make any payment or perform any act required under this Lease, then the Lessor may make such payment or perform such other act; provided that before making any such payment, the Lessor shall first give the Lessee advance written notice of ten (10) days and an opportunity to make the payment or perform any such other act, except in emergencies (in which case no prior notice is required). All sums so paid by Lessor hereunder, together with interest thereon at the highest legal rate from the due date to the date paid, shall be deemed additional rent and are immediately due from Lessee. The Lessor may, but shall not be obligated to, use Lessee's deposit (if any) to pay for all, or a portion of, such payments. In the event the Lessor utilizes said deposit to pay for such performance, then within ten (10) days after written demand by the Lessor, the Lessee shall pay to the Lessor a sufficient sum in cash to restore the deposit to the full amount required under this Lease. In the event the Lessor utilizes its own funds, then within ten (10) days after written demand by the Lessor, the Lessee shall reimburse the Lessor for any of Lessor's expenditures under this section. If the Lessee fails to pay to Lessor for such additional rent due under this section within the specified time period, then Lessor may declare Lessee in default of this Lease.

## ARTICLE 9

### CONDITION AND REPAIR OF PREMISES

#### **Section 9.01 Inspection and Condition of Premises.**

(a) By accepting occupancy of the Premises as of the first date of this Lessee, Lessee shall be deemed to have agreed that (i) the Premises are in a clean and sanitary condition, and (ii) the Lessor has no obligation to fund or perform any work necessary for the Lessee to use the Premises for the Permitted Use.

(b) Lessee acknowledges that the Premises are of its selection and to its specifications and that the Premises have been inspected by Lessee and are satisfactory to it. Lessor leases and the Lessee takes the Premises, including all of the personal property thereon, as-is. Lessee acknowledges that Lessor (whether acting as the Lessor hereunder or in any other capacity) has not made and will not make, nor shall Lessor be deemed to have made, any warranty or representation, express or implied, with respect to any of the Premises, including any warranty or representation as to (1) its fitness, design or condition for any particular use or purpose, (ii) the quality of the material or workmanship therein, (iii) the existence of any defect, latent or patent, (iv) value, (v) durability, (vi) the existence of any hazardous material, hazardous condition or hazardous activity, or (vii) compliance of the Premises with any law or legal requirement; and all risks incident thereto are to be borne by Lessee.

(c) In the event of any defect or deficiency in any portion of the Premises of any nature, whether latent or patent, Lessor shall not have any responsibility or liability with respect thereto or for any incidental or consequential damages, including, but not

limited to strict liability in tort. The provisions of this subsection have been negotiated, and are intended to be a complete exclusion and negation of any warranties by Lessor, express or implied, with respect to any of the Premises, arising pursuant to any law now or hereafter in effect or arising otherwise.

(d) **Release of Lessor.** The Lessee, on behalf of itself and anyone claiming by, through or under the Lessee hereby waives its right to recover from and fully and irrevocably releases the Lessor, its governing body, employees, officers, directors, representatives, and agents (the **"Released Parties"**) from any and all claims, responsibility and/or liability that the Lessee may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Premises, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the Released Parties under or in connection with this Lease or any prior lease of the Premises. The release set forth in this subsection includes claims of which the Lessee is presently unaware or which the Lessee does not presently suspect to exist which, if known by the Lessee, would materially affect the Lessee's release of the Released Parties. Lessee specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, the Lessee agrees, represents and warrants that the Lessee realizes and acknowledges that factual matters now unknown to the Lessee may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and the Lessee further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that the Lessee nevertheless hereby intends to release, discharge and acquit the Lessor from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the Lessee, on behalf of itself and anyone claiming by, through or under the Lessee, hereby assumes the above-mentioned risks and hereby expressly waives any right the Lessee and anyone claiming by, through or under the Lessee, may have under Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

### **Section 9.02 Repair and Maintenance**

(a) **Lessee Obligations.** Lessee shall be solely responsible for any and all maintenance or repairs related to the Lessee's use and occupancy of the Premises.

(b) At the end of the Lease Term the Lessee must deliver possession of the leased premises to the Lessor in as good condition as existed at the beginning of the Lease Term, ordinary wear and tear excepted.

**Section 9.03 Improvements to Premises.** During the Lease Term Lessee shall be entitled to make alterations, changes and improvements to the leased Premises upon written approval by Lessor after reviewing the plans and approving such improvements in writing. Any such improvements to the leased Premises during the Lease Term made by Lessee shall become the property of the Lessor upon the earlier of termination of the lease or expiration of the Initial Term. Lessee will fully pay for all materials joined or affixed to the leased Premises and shall pay, in full, all persons who performed labor upon such leased Premises, and shall not suffer any mechanic's liens or materialman's liens of any kind or nature to be enforced against said leased premises for any work done or materials furnished thereunder at Lessee's request. Lessor may post and maintain upon the leased Premises notice of non-responsibility as provided by law.

**Section 9.04 Right to Remove Fixtures and Personal Property.**

(a) Any property of the Lessee (or its invitees) not removed by the Lessee upon the termination of this Lease shall be considered abandoned, and the Lessor may remove any or all such items and dispose of the same in any manner permitted by law. The Lessor may sell any or all of such property at public or private sale, in such matter and at such times and places as permitted by law.

(b) In the event the Lessee fails to deliver the Premises in the condition set forth in this section, then the Lessor may (but shall not be obligated to) utilize all, or a portion, of the Lessee's deposit to repair the Premises. Thereafter, the Lessor shall deliver the remaining portion of the deposit, if any, to the Lessee in accordance with applicable law.

**Section 9.05 No Hazardous Materials.** Lessee shall not cause or permit any hazardous material to be brought upon, kept or used in or about the Premises by Lessee, its agents, employees, contractors or invitees. If Lessee breaches the obligations stated in the preceding sentence, or if the presence of hazardous material on the Premises caused or permitted by Lessee results in contamination of the Premises, or if contamination of the premises by hazardous material otherwise occurs for which Lessee is legally liable to Lessor for damage resulting therefrom, then Lessee shall indemnify, defend, and hold Lessor harmless from any and all claims, judgments, damages, penalties, fines, costs, (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any part of the Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees) which arise during or after the Lease Term as a result of or relating to such contamination. This indemnification of Lessor by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remediation, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of hazardous material present in the soil or groundwater on or under the premises. Without limiting the foregoing, if the presence of any hazardous material on the Premises caused or permitted by Lessee results in any contamination of the Premises, Lessee shall promptly take all actions, at its sole expense, as are necessary to return the Premises to the condition existing prior to the introduction of any such hazardous material to the Premises; provided that Lessor's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions

would not potentially have any material adverse long-term or short-term effect on the Premises. The foregoing indemnity shall survive the expiration or early termination of this Lease.

As used herein, the term "hazardous material" means any hazardous or toxic substance, material or waste, including, but not limited to, those substances, materials, and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto, or such substances, materials, and wastes that are or become regulated under any applicable local, state or federal law, regulation or ordinance.

At the commencement of this Lease, and any renewal hereof, Lessee must disclose to Lessor the names and amounts of all hazardous materials, if any, or any combination thereof which were stored, used or disposed of on the premises in violation of this Lease.

## ARTICLE 10

### DESTRUCTION OF PREMISES AND EMINENT DOMAIN

#### Section 10.01 Destruction of Premises.

(a) Except as otherwise provided in this section, in the event of a partial destruction of the leased Premises during the Lease Term from any cause, the Lessor shall forthwith repair the same, provided such repair can be made within ninety (90) days under the laws and regulations of the federal, state and local authorities. Such partial destruction shall in no way annul or void this Lease, except that the Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made if the destruction did not result from the fault or negligence of Lessee. Such proportionate reduction is to be based upon the extent to which the making of such repairs shall interfere with the business carried on by the Lessee on said leased premises. If such repairs cannot be made within the ninety (90) day period, this Lease may be terminated at the option of either party.

(b) **Loss Totaling 50% or More of Replacement Cost.** In the event the leased Premises are destroyed (from any cause) to the extent of fifty percent (50%) or more than the replacement cost of such Premises, this Lease may be terminated at the option of either party.

(c) **Waiver.** Lessor and Lessee waive the provisions of any statutes which relate to termination of leases when property is destroyed and agree that such event shall solely be governed by the terms of this Lease.

**Section 10.02 Eminent Domain.** If all, or part, of the Premises shall be: (i) taken or appropriated for public or quasi-public use by right of eminent domain, with or without litigation, or (ii) transferred by agreement in connection with a threat of exercise of such a right, then either party hereto shall have the right at its option to terminate this Lease as of the date possession is taken by the condemning authority, provided, however, that before Lessee or Lessor may terminate this Lease by reason of partial taking or appropriation, the taking or appropriation shall be of such an extent and nature as to substantially handicap, impede or impair Lessee's use of the Premises. For purposes of the preceding sentence, a full taking of the Property shall be deemed to substantially

handicap, impede or impair the Lessee's use of the Premises, such that Lessee may terminate the Lease.

No award for any partial or entire taking shall be apportioned, and Lessee hereby assigns to Lessor any award which may be made in such taking or condemnation, together with any and all rights of Lessee now or hereafter arising in or to the same or any part thereof; provided, however, that nothing contained herein shall be deemed to give Lessor any interest in or to require Lessee to be deemed to give Lessor any award made to Lessee for the taking of personal property and fixtures belonging solely to Lessee and/or for the interruption of or damage to Lessee's business and/or for Lessee's unamortized cost of leasehold improvements and loss of goodwill.

In the event of a partial taking, which does not result in a termination of this Lease, payment of rent shall be abated in the proportion which the part of the Premises so made unusable bears to the rented area of the Premises immediately prior to the taking. In the event of a temporary taking, which does not result in a termination of this Lease, payment of rent shall be abated during such temporary taking. As used in this section, a "temporary" taking is defined as a taking of less than six (6) months.

## ARTICLE 11 GENERAL PROVISIONS

**Section 11.01 Time of Essence.** Time is of the essence as to each and every provision of this Lease.

**Section 11.02 Successors.** Each and all of the covenants, conditions, and restrictions in this Lease shall inure to the benefit of and shall be binding upon the heirs, executors, administrators, successors, assignees, and sublessees of the respective parties hereto.

**Section 11.03 Entire Agreement.** This Lease constitutes the entire agreement between the Lessor and the Lessee relative to the lease of the Premises and any matters reasonably related thereto. The Lease may be altered, amended or revoked only by an instrument in writing signed by both the Lessor and the Lessee. Whenever this Lease calls for Lessor's approval, consent, or waiver, the written approval, consent, or waiver of the Lessor's office manager or her/his designee(s) shall constitute the approval, consent, or waiver of the Lessor, without further authorization required from the Lessor's governing body. The Lessor hereby authorizes the Lessor's City Manager and his or her designee(s) to deliver such approvals or consents as are required by this Lease, or to waive requirements under this Lease, on behalf of the Lessor; provided, however, any amendment to the amount of rent or the length of the Lease Term shall be subject to additional Lessor's consideration through its City Council. The Lessor and the Lessee agree hereby that all prior or contemporaneous oral agreements between and among themselves and their agents or representatives relative to the leasing of the Premises from the Lessor to the Lessee are merged into, revoked by and/or superseded this Lease.

**Section 11.04 Construction.** This Lease is the product of negotiation and compromise on the part of each party and the parties agree, notwithstanding Civil Code

Section 1654, that in the event of uncertainty the language will not be construed against the party causing the uncertainty to exist.

**Section 11.05 Attorneys' Fees.** In the event either Lessor or Lessee shall bring any action or proceeding for damages for an alleged breach of any provision of this Lease to recover rent, or to enforce, protect or establish any right or remedy of either party, the prevailing party shall be entitled to recover, as part of such action or proceeding, reasonable attorneys' fees, court costs, investigative fees, and accountant fees.

**Section 11.06 Notices.** All notices or demands of any kind required or desired to be given to the Lessor or the Lessee hereunder shall be in writing and shall be delivered by depositing the notice or demand in the United States mail, first-class postage prepaid with delivery confirmation or by express delivery service with a delivery confirmation, addressed to the Lessor or the Lessee at the addresses specified below, or such other address as shall be designated by either party in writing. Delivery shall be deemed to occur on the date shown on the delivery receipt as the date of delivery, the date delivery was refused, or the date the notice was returned as undeliverable. Delivery shall be directed to:

LESSOR:

City Manager  
**CITY OF CORCORAN**  
832 Whitley Avenue  
Corcoran, CA 93212  
559-992-2348 (fax)

LESSEE:

Brenda Kerner, Accounting Manager  
**NUNHEMS USA, INC.**  
1200 Anderson Corner Road  
Parma, Idaho 83660  
208-674-4004 (fax)

**Section 11.07 Headings.** Any titles of the Articles, sections or subsections of this Lease are inserted solely for convenience of reference and must be disregarded in interpreting this Lease.

**Section 11.08 Subordination.** This Lease shall be subject and subordinate at all times to the lien of all mortgages and deeds of trust securing any amount or amounts whatsoever which now exist or may hereafter be placed on or against the Property or on or against Lessor's interest or estate therein, all without the necessity of having further instruments executed by Lessee to effect such subordination. Notwithstanding the foregoing, in the event of a foreclosure of any such mortgage or deed of trust or of any other action or proceeding for the enforcement thereof, or of any sale thereunder, this Lease shall not be terminated or extinguished, nor shall the rights and possession of Lessee hereunder be disturbed, if no Lessee default then exists under this Lease, and Lessee shall attorn to the person who acquires Lessor's interest hereunder through any such mortgage or deed of trust. Lessee agrees to execute, acknowledge and deliver upon demand such further instruments evidencing such subordination of this Lease to the lien of all such mortgages and deeds of trust as may reasonably be required by Lessor, but Lessee's covenant to subordinate this Lease to mortgages or deeds of trust hereafter

executed is conditioned upon each such mortgage or deed of trust, or a separate subordination agreement containing the commitments specified in the preceding sentence.

**Section 11.09 Estoppel Certificates.** Upon the Lessor's request, the Lessee will execute and deliver to the Lessor no later than ten (10) business days after the Lessor's request an estoppel certificate, stating that, to the best of Lessee's knowledge:

- (a) This Lease is unmodified and in full force and effect, or, if the Lease is modified, the way in which it is modified accompanied by a copy of the modification agreement;
- (b) There is no outstanding default under the Lease, or identifying any default which exists; and
- (c) Such other matters as may be reasonably requested by the Lessor.

If the Lessor requests an estoppel certificate, and the Lessee does not respond within fifteen (15) business days, the Lessee shall be deemed to have delivered a certificate containing the requested statements.

**Section 11.10 Covenants and Conditions.** Each provision of this Lease to be performed by the Lessee or the Lessor shall be deemed both a covenant and condition.

**Section 11.11 Severability.** This Lease is subject to all applicable laws and regulations. If any provision of this Lease is found by any court or other legal authority, or is agreed by the parties to be, in conflict with any code or regulation governing its subject matter, only the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Lease to either party is lost, the Lease may be terminated at the option of the affected party. In all other cases the remainder of the Lease shall continue in full force and effect.

**Section 11.12 Counterparts.** This Lease may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**Section 11.13 Governing Law.** This Lease shall be interpreted and governed under the laws of the State of California without reference to California conflicts of law principles. The parties agree that this contract is made in and shall be performed in the Corcoran, California.

**Section 11.14 No Third-Party Beneficiaries.** Unless specifically set forth herein, the parties to this Lease do not intend to provide any person not a party to this Lease with any benefit or enforceable legal or equitable right or remedy.

IN WITNESS WHEREOF, the parties have hereto signed this Lease on the date indicated next to each signature and agree that this Lease shall become effective September 15, 2013.

LESSOR:

Jim Wadsworth, Mayor (date)  
CITY OF CORCORAN

Corporations Code section 313 requires that contracts with a corporation be signed by both (1) the chairman of the Board of Directors, the president or any vice-president, and (2) the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer, unless the contract is accompanied by a certified copy of the corporation's Board of Directors' resolution authorizing the execution of the contract.

LESSEE:

, President (date) Tracy Landry, Secretary (date)

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City of

# CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

STAFF REPORTS

ITEM NO: 7-C

## MEMORANDUM

**TO:** Corcoran City Council

**FROM:** Kindon Meik, City Manager

**DATE:** February 13, 2014      **Meeting Date:** February 18, 2014

**SUBJECT:** Consider Centennial Proclamation Recognizing The Corcoran Journal

### **Recommendation:**

Approve centennial proclamation recognizing The Corcoran Journal.

### **Discussion:**

As a continuing effort during the centennial year, the City will be recognizing different groups and organizations that have positively shaped and contributed to Corcoran's history.

This month the City wishes to recognize The Corcoran Journal for its contribution as a weekly publication. The Corcoran Journal has been in continuous publication since 1908 and provides news, editorial commentary, updates on local sports and community events, promotes Corcoran businesses and many other worthwhile articles that help define Corcoran's identity.

### **Budget Impact:**

None.

**PROCLAMATION**  
of the City Council of the City of Corcoran  
**RECOGNIZING THE CORCORAN JOURNAL DURING THE 100th**  
**ANNIVERSARY OF**  
**THE CITY OF CORCORAN, CALIFORNIA**

**WHEREAS,** the City of Corcoran declared 2014 a “Year of Celebration” for the Centennial Anniversary in commemoration of the city incorporation on August 10, 1914; and,

**WHEREAS,** the City began as a railroad whistle stop station, has since built upon its farming heritage, and is now known as the “Farming Capital of California;” and,

**WHEREAS,** the community has grown with the addition of diverse businesses and organizations that help make Corcoran a “Great Place to Raise a Family;” and,

**WHEREAS,** without its many partners, Corcoran would not have become the community that it is today and furthermore the City of Corcoran wishes to celebrate its 100th Anniversary by reflecting on all that has been accomplished and all that can still be achieved in the future; and

**WHEREAS,** as the City commemorates it’s centennial, the City Council honors those who have added to the quality of life and fostered a sense of community pride.

**WHEREAS,** the Corcoran Journal has been in continuous publication as a weekly newspaper since 1908 and provides an invaluable service by printing local news, highlighting the accomplishments of Corcoran residents, promoting business activities and community events, and by helping to create a collective memory and historical identity for the community.

**NOW, THEREFORE, BE IT RESOLVED** the Mayor and City Council of the City of Corcoran hereby recognize

*The Corcoran Journal*

and encourage all citizens, civic organizations and business partners to acknowledge The Corcoran Journal for its dedicated service and its ongoing contribution to the City of Corcoran and its residents.

**PASSED AND ADOPTED** at a regular meeting of the Corcoran City Council held on the 18th day of February 2014.

\_\_\_\_\_  
Jim Wadsworth, Mayor

\_\_\_\_\_  
Jerry Robertson, Vice-Mayor

\_\_\_\_\_  
Mark Cartwright, Council Member



\_\_\_\_\_  
Raymond Lerma, Council Member

\_\_\_\_\_  
Sidonio Palmerin, Council Member

City of

# CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

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

**MEMORANDUM**

**TO:** City Council

**FROM:** Kindon Meik, City Manager

**DATE:** February 13, 2014

**MEETING DATE:** February 18, 2014

**SUBJECT:** Consider revising Assistant to the City Manager/City Clerk classification to City Clerk and approve revised job description.

**Recommendation:**

Motion to approve the City Clerk classification for the City Manger's Department and approve revised job description.

**Discussion:**

As a result of ongoing discussions with the City Clerk, it was deemed necessary to revise the job description for the position to more accurately reflect the needs of the department and the City.

The revised City Clerk job classification clarifies responsibilities for a position that provides administrative assistance and clerical support to the City Council, City Boards and Commissions, and the various City departments.

**Budget Impact:**

None. The compensation scale for the City Clerk position will not change from the Assistant to the City Manager/City Clerk position identified and approved in the current budget.



## CITY CLERK

Department:	<b>City Manager</b>	FLSA Status:	<b>Exempt</b>
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**GENERAL PURPOSE:** Under the general supervision of the City Manager assumes responsibility for City Clerk operations; performs a variety of responsible and complex clerical, secretarial administrative, and customer service duties for the City Manager, City Council and City Departments; oversees the preparation, codification, and maintenance of the City's official records; publication and dissemination of public documents and various official proceedings; ensures compliance with legal requirements for municipal record management; coordinates and conducts special projects; supervises assigned personnel; recognizes and maintains confidential information and materials; work involves a high degree of independent judgment, tact and discretion requiring a thorough knowledge of department procedures and policies. Performs related responsibilities as required.

### **TYPICAL DUTIES:**

*The following duties **ARE NOT** intended to serve as a comprehensive list of all duties performed by all employees in this classification, only a representative summary of the primary duties and responsibilities. Incumbent(s) may not be required to perform all duties listed and may be required to perform additional, position-specific duties.*

- Serves as Clerk to the City Council and as the Clerk/Secretary to designated City agencies, boards, and commissions; gathers, organizes and prepares information for reports, and presentations.
- Prepares, distributes, and maintains official files and records for Council, City agencies, boards, and commissions; prepares, processes, distributes, and posts public notices, proclamations, agendas, minutes, bulletins, contracts, resolutions, ordinances, and other related documents; attends City Council and Board/Commission meetings.
- Composes clear and concise letters, reports, memoranda, correspondence and other written materials.
- Compiles and maintains complex, extensive and accurate records and files including electronic storage of records and files; coordinates and ensures compliance with records management and destruction.
- Ensures compliance with applicable Federal and State laws relating to the responsibilities of a City Clerk including but not limited to: Ralph M. Brown Act, California Public Records Act, Maddy Act, California Elections Code, Conflict of Interest regulation and other applicable codes and or ordinances.
- Arranges and coordinates the municipal election nomination process, general elections and special elections, and coordinates with the County elections office; orders and maintains election materials; oversees recruitments for committees, boards, and commissions.

## **JOB DESCRIPTION**

### **City Clerk**

- Makes appointments, arranges travel and conferences, coordinates special events, and schedules use of designated City facilities.
- Provides assistance in reviewing and revising city-wide policies and procedures as required.
- Responsible for the efficient operation of the Department's clerical duties and supervises, trains, and evaluates the work of assigned personnel.
- Manages and maintains the City's official records and documents in accordance with all regulatory requirements governing the tracking, storage, retrieval, and destruction of municipal records.
- Responds to and processes various types of requests for public records and information.
- Communicates and coordinates with the Fair Political Practices Commission (FPPC) regarding Conflict of Interest reporting; and ensures that appropriate ethics training is available on a timely basis; distributes and processes FPPC documents and materials; serves as the filing officer for statements of economic interest for designated employees, officials, and candidates as required by law.
- Provides administrative and clerical support to the City Manager and City Council; assists with requests and reports; coordinates and conducts special projects in the City Manager's department and other City departments as assigned.
- Shall be the custodian of the City seal; maintain custody of official records and archives of the City including ordinances, resolutions, contracts, agreements, deeds, insurance and minutes; certify copies as required; and may administer oaths.
- Assists in the development of the City budget and provides input and helps monitor the Council and City Manager's budgets; relieves supervisor of routine personnel, budget, payroll and purchasing duties.
- May provide assistance in coordinating the City's recruiting, employee orientation, training, performance evaluation, health and benefits, and workers' compensation functions.
- Coordinates and/or supervises the City's risk management function
- Performs the duties of Safety Coordinator; administers the City's Safety Program; leads and/or participates in Safety Committee meetings.
- Monitors bid process for projects and materials; assigns bid dates; officiates bid openings; retains or releases bid bonds; provides copies of bids to appropriate departments.
- Assists with and/or administers the maintenance of the City website, social media accounts, telephone system, and mailroom; and coordinates the reservation of City facilities.
- May assist with the customer service and clerical needs in other City departments.
- Performs related duties as required.

## **MINIMUM QUALIFICATIONS:**

### **Education and Experience:**

Bachelor's Degree in Business or Public Administration or related field; AND four years progressively responsible experience working in a City Clerk's Office, including two years supervisory experience; OR an equivalent combination of education and experience.

## **JOB DESCRIPTION**

### **City Clerk**

#### **Required Licenses or Certifications:**

- Must possess a valid California Driver's License.
- Possession of, or ability to obtain within 6 months of appointment, certification of Notary Public.
- Certification as a Certified Municipal Clerk (CMC) is desirable.

#### **Required Knowledge of:**

- City operations, policies, and procedures.
- Legal requirements relating to agendas, meeting proceedings, and record-keeping and maintenance.
- California elections law and procedures.
- Functions, policies, and procedures of city government.
- Regulations governing municipal administrative operations.
- Principles and standards of records management, including legal requirements for retention and disclosure.
- Human resources and risk management principles.
- General office equipment and standard computer software applications.
- Supervisory principles, practices, and methods.
- Works necessary hours and times to accomplish goals, objectives and required tasks; attend meetings in the evening and on weekends as required.

#### **Required Skill in:**

- Report preparation and presentation; business and analytical report writing.
- Research methodologies; short and long-range planning.
- Serving as custodian of the City's official records and documents.
- Providing secretarial support and assistance to the City Manager and City Council.
- Coordinating the City's risk management, and assisting with human resources functions.
- Administering and coordinating the City's Safety Program.
- Supervising, leading, and delegating tasks and authority.
- Establishing and maintaining cooperative working relationships with staff, City departments, outside agencies, community organizations, vendors, and the general public.

#### **Physical Demands / Work Environment:**

- Work is performed in a standard office environment.
- Subject to sitting, standing, walking, bending, reaching and lifting of objects up to 25 pounds.

City of  
**CORCORAN**

A MUNICIPAL CORPORATION

FOUNDED 1914

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

**MEMORANDUM**

**MEETING DATE: February 18, 2014**

**TO: Corcoran City Council**

**FROM: Kindon Meik, City Manager**

**SUBJECT: Matters for Mayor & Council**

UPCOMING EVENTS / MEETINGS

- o March 3, 2014 (Monday) City Council Meeting – 6:00 PM, Council Chambers
- o March 17, 2014 (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
- 3. Police Department Facility



**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
04/01/13	Council directed staff to explore options to have Wi-Fi hardware and or internet connection in the Council Chambers.		City Manager
04/01/13	Council directed staff to explore options to establish electronic council packets (e-packets) and cost of tablets including funding options.		City Manager
04/01/13	Council directed staff to explore options to upgrade audio visual (AV) equipment, including audio (microphone), video projection and display in the Council Chambers.		City Manager
04/15/13	<p>UPDATE: 11/04/13 Staff provided a draft agreement for review by Council and was authorized to commence review with Kings Estates.</p> <p>08/19/13 Council discussed options to resolve utility and payment issues. Direction provided to legal counsel and staff.</p> <p>06/17/13: Staff notified Council this item will return at a future meeting.</p> <p>04/15/13: Council directed staff to identify options for Kings Estates utility services/billing.</p>	Ongoing	City Manager/ Public Works
07/01/13	<p>UPDATE: 09/16/13 Staff presented revenue generating options to Council. Council requested additional information on specific items.</p> <p>Council requested information regarding revenue generating initiatives.</p>	Ongoing	City Manager
09/03/13	Council approved display of "In God We Trust" motto. Staff to return with options.		City Manager
11/04/13	Council requested staff explore the possibility of extending streetlights on Whitley Avenue to Highway 43.		Public Works
01/21/14	Council requested an item for review and update regarding the Drought declared by Governor Brown on 01/17/14.		City Manager
01/21/14	Council requested the Centennial Proclamation list return for future discussion.		City Manager