

CITY OF CORINTH
ANNUAL PROGRAM OF SERVICES
2006-07

ADOPTED

AS APPROVED BY

THE MAYOR AND CITY COUNCIL

VICTOR BURGESS, MAYOR
SHANNON BRYAN, MAYOR PRO TEM
RONNIE GLASSCOCK, COUNCILMEMBER
JOE HARRISON, COUNCILMEMBER
LYNN MAYFIELD, COUNCILMEMBER
PAUL RUGIERRE, COUNCILMEMBER

ON
SEPTEMBER 21, 2006

CLOVIA ENGLISH
CITY MANAGER

KATHY DUBOSE
DIRECTOR OF FINANCE

LEE ANN BUNSELMEYER
BUDGET MANAGER



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Corinth
Texas**

For the Fiscal Year Beginning

October 1, 2005

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Corinth, Texas for its annual budget for the fiscal year beginning October 1, 2005. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

**2006-07
Table of Contents**

READER'S GUIDE

Manager's Message.....	1
Mission Statement	14
Organizational Chart	14
Budget Calendar	15
Major Budget Documents	17
The Budget Process	18
Financial Structure	19
Budgeted Funds	20
Budget Basis	20
Organizational Relationships	20
Budget Administration and Development.....	21
Investment Objective and Strategy.....	22
Budget Glossary	23

BUDGET IN BRIEF

Combined Budget Resource & Expenditure Summary	29
Combined Staffing Summary.....	31

GENERAL FUND

General Fund Overview	33
General Fund Resource Summary.....	35
General Fund Expenditure Summary.....	40
General Government Services	
City Administration.....	42
Police.....	44
Animal Control.....	46
Lake Cities Fire Department	48
Streets.....	50
Fleet Maintenance.....	52
Community Development.....	54
Planning.....	56
Code Enforcement	58
Municipal Court.....	60
Parks & Recreation.....	62
City Hall	65
Finance.....	66
Human Resources	68
Information Services	70
General Services	72

DEBT SERVICE FUND

Debt Management Overview	73
Debt Service Resource & Expenditure Summary	74
Estimated Ad Valorem Tax Collections & Distribution.....	75
General Long-Term Debt Summary	76

UTILITY FUND

Utility Fund Overview	77
Utility Fund Resource & Expenditure Summary	79
Utility Services	
Water	82
Wastewater	84
Utility Billing	86
Garbage.....	88

STORM DRAINAGE UTILITY FUND

Storm Drainage Utility Overview.....	89
Storm Drainage Utility Resource & Expenditure Summary.....	90
Storm Drainage Utility Services	
Drainage	92

RECREATION FUND

Recreation Fund Overview	95
Recreation Fund Resource & Expenditure Summary	96

STREET MAINTENANCE SALES TAX FUND

Street Maintenance Sales Tax Fund Overview.....	99
Street Maintenance Resource & Expenditure Summary.....	100

CAPITAL IMPROVEMENT FUND

Capital Improvement Program Overview	101
General Government Capital Improvement Program.....	102
Water System Capital Improvement Program	102
Wastewater System Capital Improvement Program.....	102

STATISTICAL INFORMATION

Profile of Corinth.....	103
Miscellaneous Statistical Data.....	104
Sales and Property Tax History	105
Certified Property Values	106
Certified Taxable Assessed Values	107
Top Taxpayers.....	108
Property Tax Comparison	108



3300 CORINTH PARKWAY, CORINTH, TEXAS 76208 - (940) 498-3200 – FAX (940-498-3232)

OFFICE OF THE CITY MANAGER

October 1, 2006

TO THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL AND CITIZENS OF CORINTH:

I am pleased to present the adopted budget for fiscal year 2006-2007. The attached document represents the City's financial plan and operations guide for the next fiscal year. It is a communications tool to inform you of the issues and challenges confronting the community.

One of the most critical challenges facing our community and the one that imposes the heaviest burden on resources is our need for infrastructure improvements. Corinth's water, wastewater and roadway systems have reached capacity as capital projects have been delayed due to funding shortfalls. Growth continues to increase demand for City services and all projections indicate that Corinth's population will continue to grow 3% - 5% per year. Our current infrastructure can no longer support additional growth nor development. The adopted budget includes the funding required to begin addressing Corinth's infrastructure backlog.

Additionally, maintaining service levels for police, fire, utilities, streets, parks and other programs, as the community continues to grow requires the commitment of additional resources. The budget issues associated with rising demand and inadequate resources have been numerous and complex.

The adopted budget includes total resources of \$ 22,316,881 and expenditures of \$22,207,856. This report discusses, by fund, the major issues addressed in the 2006-2007 budget.

MAJOR ISSUES – GENERAL FUND

1. GENERAL FUND REVENUES – The first major issue deals with General Fund revenues.

A. Property Tax – The largest revenue source in the General Fund is the ad valorem tax.

1. Tax Rate – Corinth's ad valorem tax rate is comprised of two components. The first is the operations and maintenance component that is used to calculate revenue for the City's General Fund operations. The second component is the debt portion that is used to calculate revenue to pay the City's general debt service obligations. The adopted budget incorporates shifting 1.5 cents of the debt service component to the operations and maintenance component of the tax rate. This shift will provide additional funding for operations and allow us to utilize a portion of the debt service fund balance to cover some of the annual debt payment. The budget incorporates no change in the current overall tax rate of .55698 per \$100 valuation.

The Denton Central Appraisal District's certified appraisal roll shows an increase of 6% over the 2005 certified value and 5% over the final 2005 value (including supplements), with a current average home value of \$172,374.

2. Over 65/Disabled Exemption – On October 20, 2005, the City Council approved an increase in the Over 65/Disabled exemption from \$5,000 to \$10,000. That exemption was used to calculate the 2006 certified tax roll and, at the current tax rate, provides \$28 in annual savings.

Adopted for 2007 is another increase in the exemption from \$10,000 to \$20,000. This increase provides an additional \$56 in tax savings totaling \$84 annually.

B. Sales Tax – The second largest revenue source in the General Fund is sales tax receipts. The current year's estimate is 10% over last year's collection amount. The 2006-2007 budget projects a 2.5% growth in receipts over the current year's estimate.

C. Franchise Fees – The 2006-2007 Budget includes a 3.5% increase in franchise fee revenues based on growth estimates.

D. Municipal Court – The 2006-2007 Budget incorporates several changes associated with Municipal Court.

1. Traffic Division – The current fiscal year's (2005-2006) budget was amended on October 6, 2005 to create a new Traffic Division made up of two motorcycle officers. This division provides additional traffic patrol to enhance safety. On April 6, 2006 the budget was further amended to include an additional Municipal Court day and a full-time Municipal Court Clerk position to support the increase in traffic citations.

2. State Fees – A large percentage of the fines and fees associated with Corinth's traffic tickets are assessed by the State of Texas. These assessments are collected locally and then paid to the state. The 2006-2007 Budget no longer records the "pass through" of state fines and fees as City of Corinth revenues and expenses as they will be more appropriately recorded as a liability until remitted to the state.

E. Other Revenues – Estimated revenue from fines, fees, licenses and permits are based on departmental projections.

2. INSURANCE SERVICE OFFICE (ISO) – The City's continued investment in the Lake Cities Fire Department (LCFD) has had a positive impact on Corinth's ISO rating. The Insurance Service Office rates the level of a city's fire service on a scale of 10 to 1 with a rating of 1 as the best. This year, the ISO rating for LCFD improved from 6 to 4. This improved rating provides a direct savings to homeowners via homeowner's insurance estimated at \$80 to \$100 per \$100,000 of appraised value. Savings for commercial property is higher. Based on Corinth's average home value of \$172,374, less associated land value of approximately \$30,000, estimated annual savings to homeowners averages between \$114 and \$142.

3. COMPENSATION – One of the highest priorities during the 2005-2006 budget process was employee compensation.

A. Public Safety – Beginning in the 2005-2006 fiscal year, Council approved a three year plan for Corinth's Police Officers and Firefighters. This plan included an average annual increase of 9% per year as well as shifting the Police Step Plan from 15 to 7 years in order to align it with the Fire Step Plan. The 2006-2007 Budget incorporates the second of this three year program.

- B. Salary Survey** – City Council directed staff to perform a Salary Survey to identify how the City of Corinth's salaries compared to other cities with which we compete for our workforce. Research revealed extremely high turnover for the City which, in 2005, reached 22%. Sixty percent (60%) of respondents stated that they left for higher pay. Many said they took positions with less responsibility and higher pay.

Staff surveyed thirteen area municipalities to which we have lost employees over the last two years. Survey results indicated that Corinth's salaries average 22.5% below market. Of the thirteen cities surveyed, at least six have adjusted salaries since the time of the survey pushing our shortfall to 25 – 28% below market. We also estimate an annual cost of living increase of 3%.

- C. Compensation Plan** – The 2006-2007 Budget includes the first year of a 4 year plan to phase in the market adjustment. Each of the 4 years provides a 6% average market increase and a 3% cost of living adjustment.

- D. Health Insurance** – Over the previous two fiscal years, we have reduced our health benefits to employees due to increased costs. We have increased employee's deductibles, co-pays, prescription drug costs, out-of-pocket limits as well as premium costs. The 2006-2007 budget includes an additional 22% estimated increase in insurance premium costs for both the City and employees.

Currently, more than 10% of our employees make less than \$11 per hour. The overall impact of the compensation plan and health insurance premium increases for 2006-2007 for those employees are:

**IMPACT TO EMPLOYEES
2006-2007**

• \$11/hour employee	
Salary adjustment	\$0.99
Family coverage	<u>(.32)</u>
Net Increase	\$0.67

\$0.67/hour =		6%
COL =		<u>(3%)</u>
Net =		3%

- 4. DENTON COUNTY TRANSIT AUTHORITY (DCTA)** – Currently, the City Council is discussing the feasibility of holding a November 2006 election to designate funding to join the Denton County Transit Authority (DCTA). Joining the DCTA requires the commitment of a .50% of Corinth's sales and use tax plus a one time "buy in" payment of \$197,038. For 2006-2007, the estimated revenue generated from .50% sales tax equals \$474,000. Corinth's current sales tax rate is 8.25% which is the maximum allowed by the State. The rate structure consists of:

- 6.25% State of Texas (Not Available for Reallocation)
- 1.00% Corinth – General Purpose (Not Available for Reallocation)
- 0.50% Corinth Economic Development Corporation
- 0.25% Corinth Crime Control & Prevention District
- 0.25% Street Maintenance Fund
- **8.25% TOTAL TAX RATE**

In order to accommodate the .50% sales tax required for DCTA, any or all of the portions allocated to the Corinth Economic Development Corporation (CEDC), Corinth Crime Control and Prevention District and/or Street Maintenance must be reduced or eliminated.

In March 2006, the City Council discussed reducing each of Corinth's special sales taxes by one half. The impact of such a reduction is detailed below:

- An elimination of one-half of the Economic Development sales tax reduces estimated revenues by \$237,000 annually.
- Reducing the Crime Control and Prevention sales tax by one-half eliminates over \$90,000 of annual funding which supports the Police Department Tactical Team, the Citizen's Police Academy and the Take-Home Vehicle Program.
- The loss of one-half of the funding of the Street Maintenance sales program eliminates \$118,000 annually which provides 1,300 feet of street reconstruction.

To provide the same level of services with the loss of \$474,000 in sales tax revenue would require a 3.75 cent increase in the ad valorem tax rate.

5. LAKE CITIES LIBRARY – In the current (2005-2006) fiscal year, the Lake Cities Library allocation was increased \$20,000 (47%) from \$42,000 to \$62,000. The 2006-2007 budget includes an additional 3% increasing the allocation from \$62,000 to \$63,860 which increases the total 50% over the 2004-2005 amount.

6. PUBLIC SAFETY

A. LAKE CITIES FIRE DEPARTMENT (LCFD) – The demand for services continues to rise at a rate of 7% - 9% each year. With this increase the department will hire 3 Firefighter/Paramedics over the next 24 months to place a second full time ambulance in service. The 2006-2007 budget includes one half year funding for the addition of a Firefighter/Paramedic in April 2007. The department will also transfer the Emergency Management Coordinator from the Corinth Police Department to the LCFD in order to provide emergency management to all four cities. This will allow unification in the Lake Cities area in preparation for large scale emergency and grant opportunities. The department continues to maintain highly qualified personnel and is in the second year of a three year salary compensation plan to bring salaries in line with other metroplex departments of the same size.

B. POLICE DEPARTMENT – The 2006-2007 budget includes the addition of a Clerk/Receptionist position. The department has grown from 10 to 31 positions over the past 10 years with no increase in administrative support. Currently, when the Police Department Administrative Assistant is out of the office, a Police Officer must be pulled from patrol to answer phones and cover walk-in requests.

7. ECONOMIC DEVELOPMENT – In fiscal year 2005-2006 the City of Corinth General Fund paid for the salary and benefits of the Corinth Economic Development Corporation's (CEDC) Administrative Assistant as well as the benefits of the Economic Development Director. The 2006-2007 Budget eliminates the City's \$71,140 transfer to the Corinth Economic Development Corporation (CEDC) to cover personnel costs.

- 8. LEGAL SERVICES** – As with any growing community, the City of Corinth faces complex legal issues associated with land use and development, personnel and labor law as well as contract negotiation, administration and oversight. Corinth also uses a part-time prosecutor for our Municipal Court. The 2005-2006 current year's budget allocates a total of \$155,800 for legal services. Over the past 12 months, the City of Corinth has expended over \$147,000 for approximately 1,000 hours of outside legal services which include travel time to and from Corinth for council and other meetings. With no increase in the annual allocation, the 2006-2007 budget includes the addition of a City Attorney position with total departmental costs of \$125,800 while still providing a \$30,000 allocation for outside legal services for special needs. This position will also serve as the Municipal Court Prosecutor. Due to the current limited funding for legal services, many departmental needs go unmet. This position allows the organization to devote additional time at the current funding.
- 9. STREET MAINTENANCE** – Since 1999, the City has reduced the Street Department's repaving and maintenance budget by \$251,522. In September 2004, the Street Maintenance Sales Tax was passed. For 2006-2007, the sales tax is projected to generate \$236,000, which brings the combined total of street maintenance funding to \$520,000. The 2006-2007 budget incorporates an additional \$116,000 in the Street Department budget. Unfortunately, with the increase in construction costs, the combined funding allows for only 80% of the actual construction the 1999 dollars provided.
- 10. PURCHASING** – The 2006-2007 budget includes the addition of a Purchasing Agent. This position will be responsible for implementing a procurement and purchase order encumbrance system. The City's external audit has recommended the addition of this position over the past two (2) years to address the organization's compliance with State and Federal procurement laws. The centralized purchasing function will also allow the organization to benefit from coordinated purchasing. With the addition of this position to the Accounting staff, the Accounting Manager will take over supervisory responsibility for Accounts Payable.
- 11. INFORMATION SERVICES** – The 2006-2007 budget incorporates the transfer of an analyst position from Utilities to General Fund. The Information Services Technician position is funded by overtime savings in General Fund and partially by Utilities with no increase in head count or total budget.
- 12. PLANNING DEPARTMENT** – The 2006-2007 budget reflects the oversight responsibilities for the Building Inspections, Code Enforcement and Planning functions under the supervision of the Planning Director, previously classified as the Planner 1.
- 13. OTHER EXPENSES** – Other expenses include supplies, maintenance, fuel, and utilities.

 - A. Supplies, Maintenance and Operations** – The 2006-2007 budget includes a 3% increase based on the DFW area Consumer Price Index (CPI).
 - B. Fuel, Vehicle Repair, Utilities and Communications** – The 2006-2007 budget includes a 5% increase.

MAJOR ISSUES – DEBT SERVICE FUND

The Debt Service Fund is used for the accumulation of resources for payment of long-term debt principal and interest. Resources include a portion of the Ad Valorem Tax Levy and applicable transfers from other funds to cover debt payments for projects funded with bonds.

The adopted budget incorporates shifting 1.5 cents of the debt service component to the operations and maintenance component of the tax rate. This shift will allow a utilization of a portion of the debt service fund balance to cover some of the annual debt payment. This will also allow the issuance of approximately \$3.5 million in General Capital Improvement debt to be funded over the next five year period.

GENERAL BOND ISSUES

2006-2007	\$1,000,000
2007-2008	750,000
2008-2009	750,000
2009-2010	500,000
2010-2011	<u>500,000</u>
TOTAL	\$3,500,000

MAJOR ISSUES – STREET MAINTENANCE SALES TAX FUND

In September 2004 the .25% Street Maintenance Sales Tax was passed, with collections beginning in January 2005. The 2006-2007 budget projects the sales tax will generate \$236,000. Currently, the City Council is discussing the feasibility of holding a November 2006 election to designate funding to join the Denton County Transportation Authority (DCTA). Joining the DCTA requires the commitment of .50% of Corinth's sales and use tax. In order to accommodate the requirements, any or all of the Street Maintenance Sales Tax may be reduced or eliminated.

MAJOR ISSUES – UTILITIES

The Utility Fund is responsible for providing water and wastewater disposal services to the citizens of Corinth as well as accounting for pass through costs of the City's garbage service contract. The 2006-2007 budget does include a rate increase for water and wastewater services. The adopted rates will allow the utility to recover total revenues of approximately \$ 9,865,495, which will meet the total budget expenditures of approximately \$ 9,865,495.

In preparing the 2006-2007 budget and rates, the City obtained the services of Water Resources Management, LP in association with Tyler Technologies to assist the City in Financial Planning and to perform a Cost of Service and Rate Design Analysis. The rates reflect the results of that study, and are based on cost of service principles.

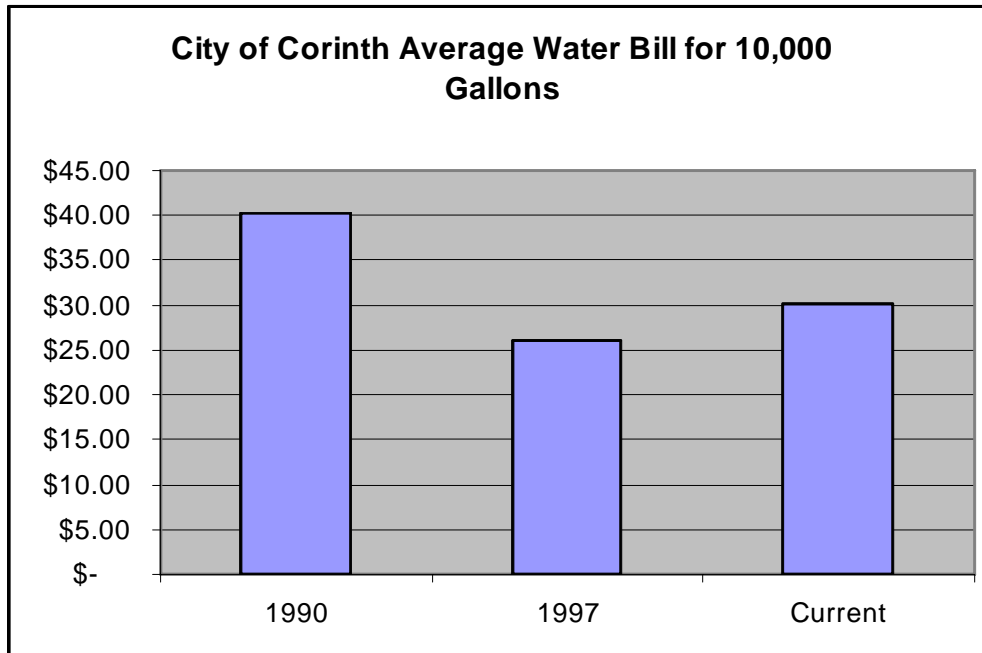
The rate increase is due to a variety of reasons, including, but not limited to:

1. Rate decreases in 1997 implemented by the City;
2. Historical under-recovery of the water and wastewater fund;
3. Current rate structure which is artificially low; and
4. Projected future under-recovery by the water and wastewater fund.

Historical Rate Changes

As outlined in Figure 1 below, the City's last rate increase was in 2004. Prior to that increase, the City had actually decreased rates in 1997. Further illustrated in Figure 1 the rate increase in 2004 was 25% below the 1990 level.

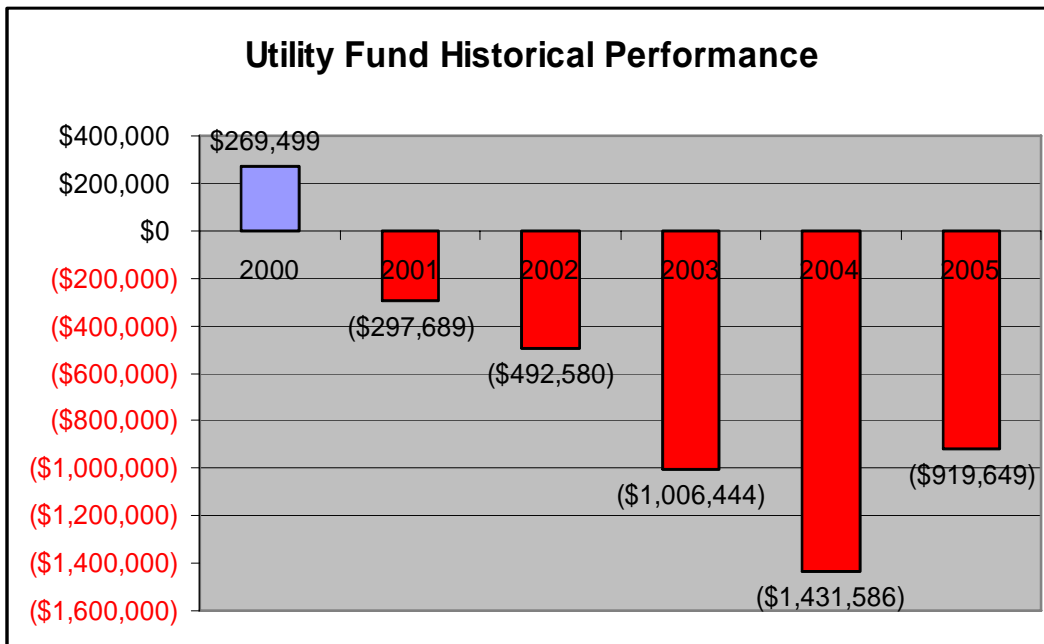
Figure 1: Historical Average Bill for 10,000 Gallons



Historical Under Recovery of Water and Wastewater Fund

Additionally, even with the rate increase in 2004, the utility has still under-recovered by \$919,000 in fiscal year 2005 and by \$1,431,000 in fiscal year 2004 (Figure 2).

Figure 2: Historical Utility Revenue Recovery



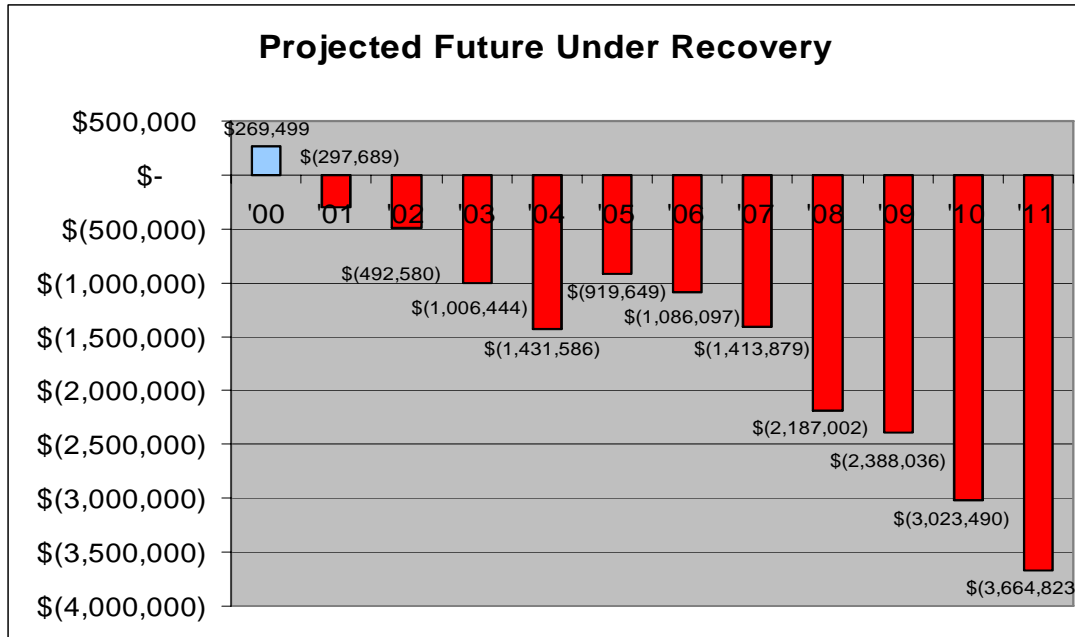
Artificially Low Current Rate Structure

While the City increased rates in 2004, the rates were not increased to the recommended level. At that time, the City made a policy decision to allow the utility fund to under-recover, using General Fund monies to fund utilities. Therefore, the City's current rate structure is artificially low. Comparisons of the City's current utility rates to adopted future rates and rates charged by other utilities are difficult due to the fact that the utility fund has historically been subsidized by the General Fund – again, keeping utility rates artificially low.

Projected Future Recovery of the Water and Wastewater Fund

Projections indicate that without water and wastewater rate adjustments, the utility fund will continue to under-recover by \$1,400,000 in 2007 and by \$3,660,000 by 2011, Figure 3.

Figure 3: Projected Utility Fund Financial Performance



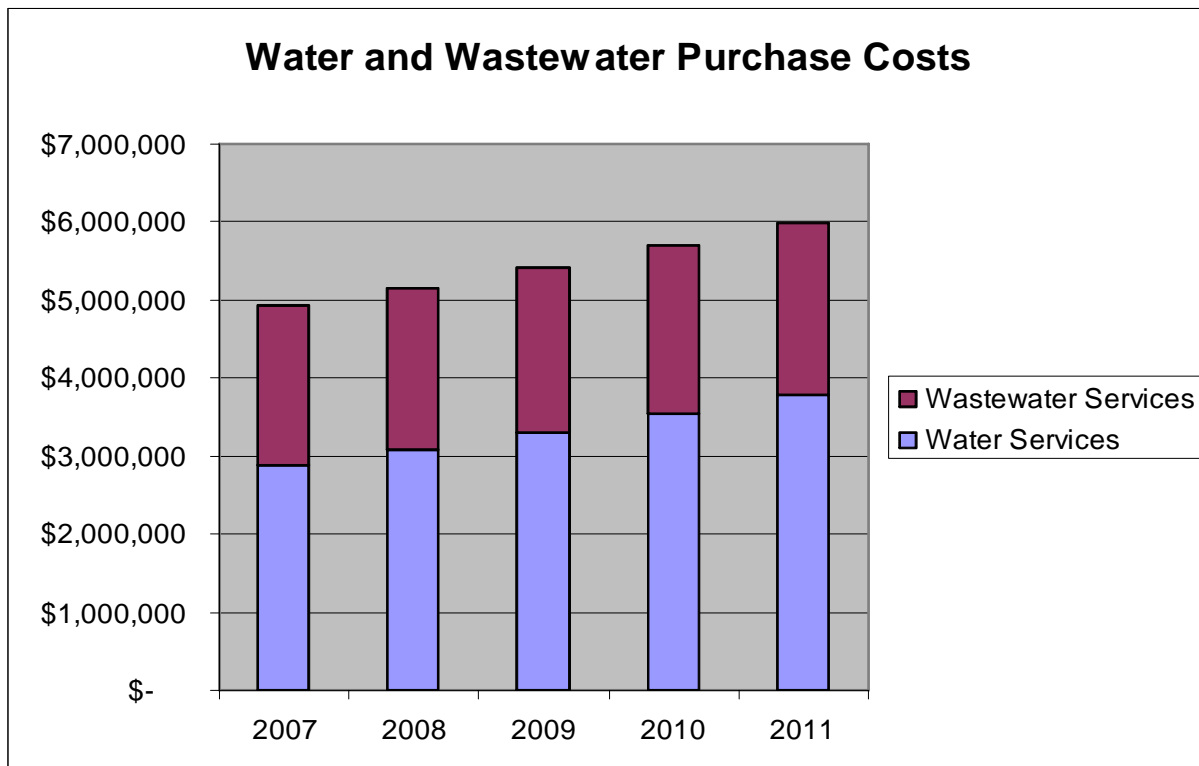
Projected future annual revenue shortfalls are largely due to two factors:

1. Increasing water and wastewater purchase costs; and
2. Debt service associated with system critical improvements.

Water and Wastewater Purchase Costs

Future expenses incorporate an increase in required supply from the wholesale water and wastewater suppliers due the projected growth on the system as well as increased fees charged by the suppliers. Water purchase costs are projected to increase from \$2,886,001 in 2007 to \$3,794,939 in 2011. Wastewater purchase costs are projected to increase from \$2,047,556 in 2007 to \$2,202,052 in 2011.

Figure 4: Projected Water and Wastewater Purchase Costs



As illustrated in Figure 6, these costs represent 58% of the City's total projected expense requirements in 2007 and 50% in 2011. It is important to realize that these costs are outside of the City's control, and the City is contractually obligated to pay these costs to its water and wastewater suppliers.

System Critical Capital Improvements

The 2006-2007 budget and five-year financial plan include a number of system critical capital improvement projects to be completed through 2011. Projects identified as "system critical" met a minimum of one of the following 3 criteria, although most projects met all three criterion:

1. Projects that the City committed to completing as part of the impact fees that the City adopted in 2004. By law, in accordance with the Local Government Code, Chapter 395, the City must complete these projects by 2014.
2. Projects that the City is required to complete, by law, in order to meet capacity requirements set forth by Chapter 290 of the Texas Water Code.
3. Projects required in order to provide service to City "hot spots" which allow the City to continue to grow.

System critical projects to be completed in the next five-years totaled approximately \$32,000,000, as outlined in Figure 5.

Figure 5: Systems Critical Projects

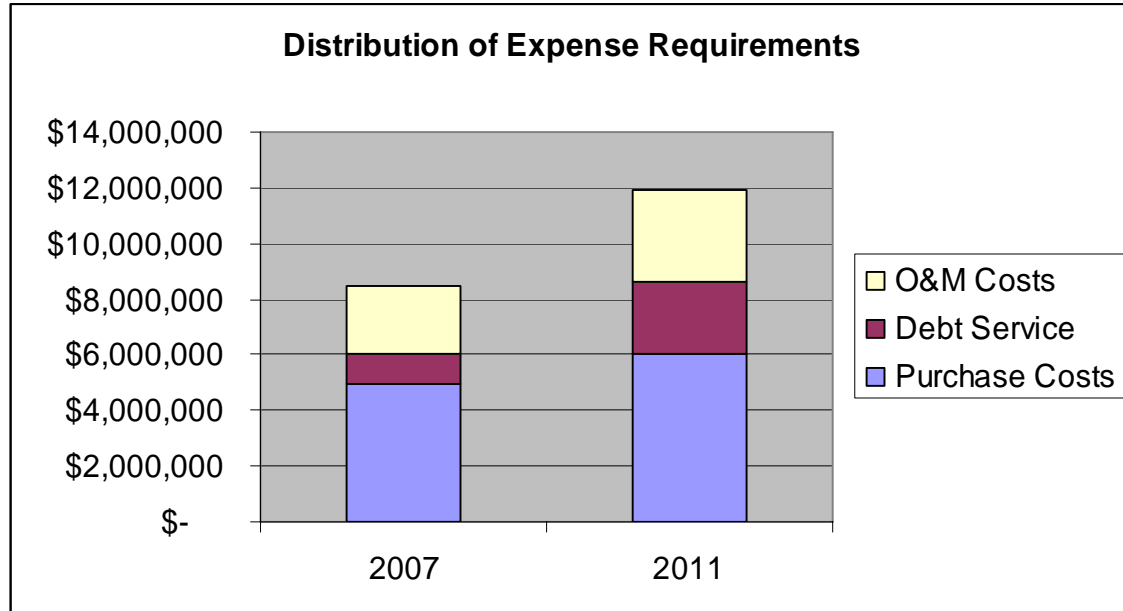
	2007	2008	2009	2010	2011
Water System Improvements					
24" Line Lake Sharon	\$ 2,880,606	\$ -	\$ -	\$ -	\$ -
16" Line Parkridge	556,957	-	-	-	-
Line Relocation FM 2181	2,787,001	-	-	-	-
12" Line IH-35 South	257,600	-	-	-	-
20" Line IH-35 at Dobbs Road	-	4,984,096	-	-	-
12" Line Parkridge	-	-	432,768	-	-
Expand Lake Sharon PS	-	-	-	4,725,000	-
FM 2499 WL and Lake Sharon WL	-	-	-	-	1,575,000
	\$ 6,482,164	\$ 4,984,096	\$ 432,768	\$ 4,725,000	\$ 1,575,000
	2007	2008	2009	2010	2011
Wastewater System Improvements					
Nissan-Tristeel-Huffines 8" Sewer Main Regard	\$ 414,536	\$ -	\$ -	\$ -	\$ -
Lynchburg 16" Sanitary Sewer Line	1,785,760	-	-	-	-
Westside Lift Station Expansion	2,588,000	-	-	-	-
FM2181 Utility Relocations	1,684,734	-	-	-	-
Lift Station and SS Improvements for area east of Canyon Lake	-	2,439,883	-	-	-
New .3 MGD Lift Station	-	-	-	577,500	-
Kensington Estates List Station Expansion to 1.8 MGD	-	-	-	-	2,100,000
.3 MGD List Station in far Southwest corner of City	-	-	-	-	2,625,000
TOTAL	\$ 6,473,029	\$ 2,439,883	\$ -	\$ 577,500	\$ 4,725,000

The financial plan includes only critical projects required in the next five-years. The plan does not include any projects that are not considered critical and of immediate priority to the City. Further, it must be noted that there are a number of projects required to be completed between 2011 and 2014 in order to be in compliance with Chapter 395 of the Local Government Code that are not included in this plan.

As the City does not have the adequate revenues to cash-fund system critical projects, the adopted budget and the five-year financial plan assume that these projects are to be funded through the issuance of debt.

As illustrated in Figure 6, debt service is projected to account for 13% of the total expense requirements of the utility in 2007, and for 22% in 2011. Further illustrated in Figure 6, 71% of the total expense requirements incurred by the City in 2007 and 72% in 2011 are solely for debt service and the purchase of water and wastewater services.

Figure 6: Expense Requirement Analysis



Adopted Water and Wastewater Rates

Water Rates

The cost of service analysis performed by WRM identified recommended water rates for 2006-2007, the 2006-2007 budget reflects these rates, as outlined in Figures 7 – 10.

Figure 7: Adopted Minimum Bill:

	2006	Adopted 2007
5/8"	\$ 14.15	\$ 20.00
3/4"	\$ 32.25	\$ 32.25
1"	\$ 32.25	\$ 32.25
1 1/2"	\$ 65.15	\$ 65.15
2"	\$ 100.70	\$ 100.70
3"	\$ 210.25	\$ 210.25
4"	\$ 330.10	\$ 330.10
6"	\$ 660.95	\$ 660.95
8"	\$ 1,055.85	\$ 1,055.85
10"	\$ 1,510.65	\$ 1,510.65

Figure 8: Adopted Residential Volumetric Rates:

	2006	Adopted 2007
0-10,000 Gallons	\$ 1.75	\$ 1.93
10,001-25,000 Gallons	\$ 3.80	\$ 3.93
25,001-50,000 Gallons	\$ 5.80	\$ 5.93
50,001 and Up	\$ 7.80	\$ 7.93

Figure 9: Adopted Commercial Volumetric Rates:

	2006	Adopted 2007
0-50,000 Gallons	\$ 2.05	\$ 2.63
50,001 and Up	\$ 2.05	\$ 3.63

The adopted water rates would include 3,000 gallons usage for senior citizens ages 65 and older.

Wastewater Rates

The cost of service analysis performed by WRM identified recommended wastewater rates as outlined below:

Figure 10: Adopted Wastewater Rates

	2006	Adopted 2007
Minimum Bill	\$ 11.04	\$ 17.18
Volumetric Rate	\$ 4.40	\$ 4.40

The adopted wastewater rates would include 1,000 gallons usage for senior citizens ages 65 and older.

Five Year Financial Plan

As part of the adoption of the 2006-2007 budget, the adoption of a corresponding five-year utility rate plan is recommended. The five-year rate adjustments are directly tied to future capital improvements and water and wastewater purchase cost increases. It is highly recommended that the City elect to adopt this five-year plan, for the following reasons:

1. The City has numerous capital improvement projects associated with its impact fees which, by law, it must complete by 2014. While some funds are anticipated to be recovered through impact fees, a large proportion of the debt obligations associated with the completion of these projects must be funded through rates. The adopted five-year rate structure allows the City to generate revenues sufficient to meet debt service requirements.
2. Due to the magnitude of the required capital improvements, it is a certainty that the City will be required to issue debt to pay for these improvements. Debt rating agencies are no longer looking at a point-in-time analysis of debt coverage ratios, they are now looking to see that the utility has a long-term financial plan to which it is committed, which demonstrates that the utility has the ability to meet its financial and regulatory responsibilities. The adoption of this five-year plan should allow the City of Corinth to demonstrate its commitment to debt issuance and rating agencies.

The five-year plan is anticipated to allow the City to generate revenues sufficient to pay for annual operating and maintenance expenses, debt service to fund system critical projects, and water and wastewater wholesale purchase costs.

Other Fees

The 2006-2007 budget incorporates updates to several deposits and fees charged for utility service to bring them more in line with the actual costs to the City of providing each related service.

**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

The residential water meter deposit is increased from \$50 to \$100 for homeowners and to \$150 for rental property to defray the losses from nonpayment of utility bills. For fire hydrant meters the deposit charged to contractors is increased from \$1,000 to \$1,500 which is more in line with the actual purchase costs of a meter. A meter tampering charge of \$200 is created with a theft of service charge of \$1,000 when the tampering destroys or damages city property.

The City currently charges a wastewater tap fee for contractor installation. To address customer requests, a new fee of \$1,210 is created for City crews to install wastewater service.

The State of Texas requires a cross connection control program to ensure clean water for residents. The associated registration fee increased from \$25 to \$50 to recover the related costs of this service.

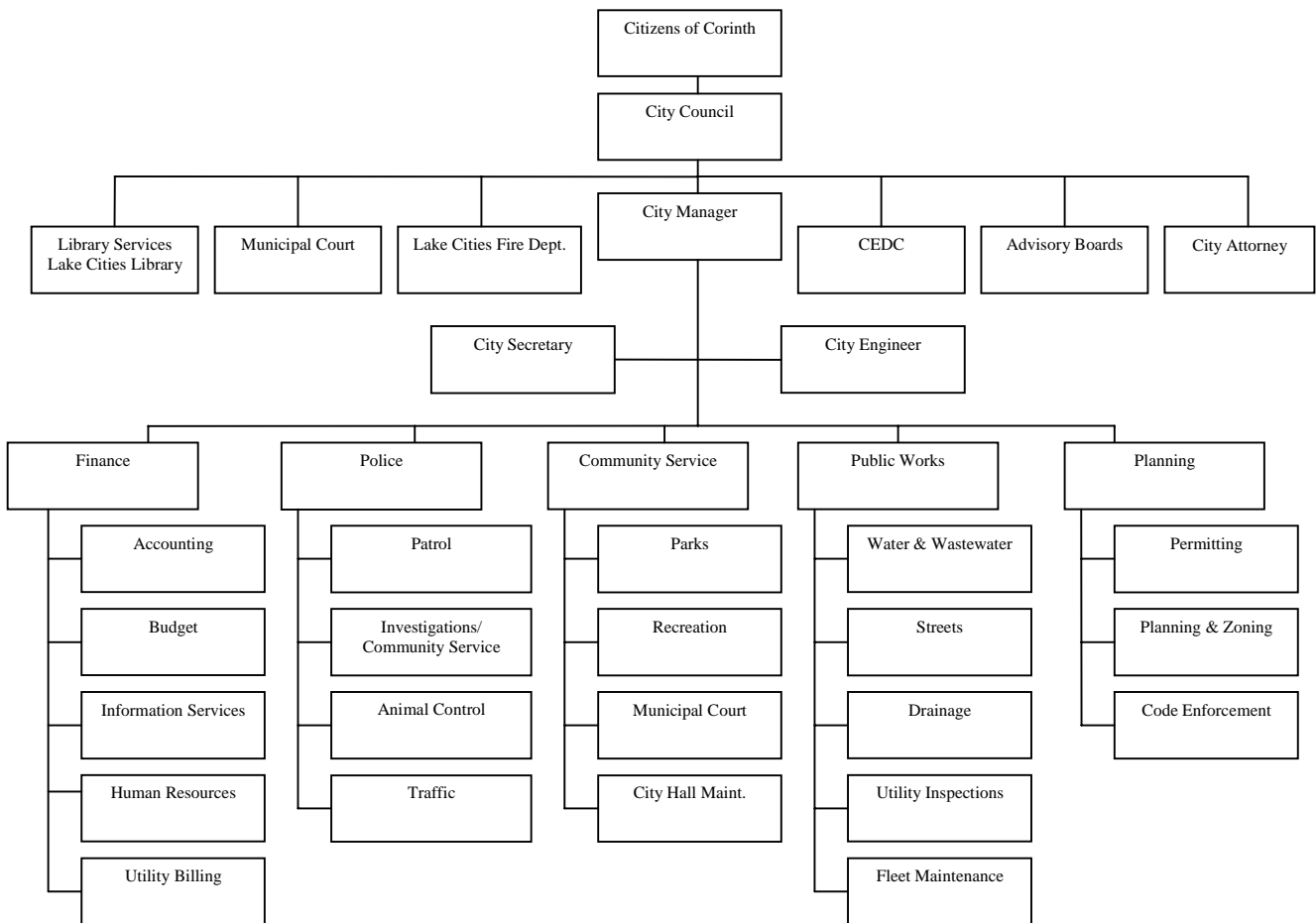
Signature Redacted

Clovia A. English
City Manager

**CITY OF CORINTH
MISSION STATEMENT**

The City government of Corinth exists only to serve its citizens. To that end the City will limit itself to providing, maintaining and upgrading basic services consistent with a family-oriented community. These things will be accomplished through openness and prudent use of revenues. Every action taken by the Council or City employees on behalf of the citizens will be an example of impeccable personal integrity.

ORGANIZATIONAL CHART
As of October 1, 2006



**BUDGET CALENDAR
2006-07**

May 2	Budget Kick-Off Meeting.
May 5	April Financial Numbers Available for Estimating.
May 8	Department Budgets Ready for Delivery to Departments.
May 8 – 19	Management Team Estimate Current Year and Develop New Program Requirements.
May 19	Final Department Budgets & Expense Estimates due to Budget Department.
June 7	Long Range Financial Forecast Discussions with City Council.
June 8- July 25	Staff Development of Budget and Utility Rate Study.
July 20	Deadline for ARB to Approve Appraisal Records.
July 25	Certified Appraisal Roll due from Denton Central Appraisal District.
July 26	Calculation of Effective & Rollback Tax Rates
August 1	Proposed budget submitted to City Council and placed on file with City Secretary. Submission of certified appraisal roll. Submission of ad valorem effective and rollback tax rates to City Council. Submission of certified ad valorem collection rate to City Council.
August 2	City Council Budget workshop.
August 17	Vote to consider a proposal for a tax increase prior to publishing notice of hearing.
August 24	Publish "Notice of Vote on Tax Rate" in paper.
August 31	First public hearing on tax increase.
September 7	Second public hearing on tax increase.
September 26	City Council adopts Annual Program of Services. City Council approves tax rate. City Council approves the 2006 tax roll.
September 30	Statutory Deadline for Budget & Tax Rate Adoption.



**READER'S GUIDE TO THE
2006-07
ANNUAL PROGRAM OF SERVICES
(OPERATING BUDGET)**

The Reader's Guide provides an overview of the City of Corinth's budget process and budget documents. The City of Corinth has prepared a budget designed to meet the highest standards of performance in municipal budgeting. This document provides a summary of all budgeted funds, including both revenue and expenditure summaries. Major budget documents, the budget process, and organization of the budget itself are described below.

MAJOR BUDGET DOCUMENTS

The City of Corinth's budget process includes the production of four key documents. It is important to understand the timing and purpose of these documents in order to fully understand the process itself.

1. **Long Range Financial Forecast** –

A workshop is held in June with the City Council to discuss the Long Range Financial Forecast for the city. The 5-year forecast workshop allows the City Council to express policy guidelines for use in budget development.

2. **The Manager's Message** –

The Manager's Message is submitted to City Council in early August as a part of the proposed budget. This report summarizes and identifies key issues with regard to revenues and expenditures for the coming year.

3. **The Proposed Budget** -

Pursuant to City Charter, the proposed budget must be submitted to City Council by the end of July or "at least sixty (60) days prior to the first day of the new fiscal year." This document represents a balanced version of departmental budget requests versus projected revenues. The proposed budget is a product of policy as expressed by the City Council and is prepared by the City Manager and the Department of Finance.

4. **The Adopted Budget** -

The adopted budget represents a modified version of the proposed budget after public hearings and City Council review in August/September. Any changes deemed necessary by City Council to funding levels or revenue projections are reflected in the adopted budget. Revisions may also be made to reflect any updates to budget information.

**READER'S GUIDE
(continued)**

THE BUDGET PROCESS

The City of Corinth uses a program-oriented budgeting process. Each budgeting unit or division is given a target or "baseline" funding level based upon the previous year's funding level. With a few exceptions, no fixed assets, personal services, or one-time packages are included in baseline funding. Any funding request that represents new expenditures and programs, or that is in excess of baseline funding, must be submitted as a separate request or "package." These packages may be either a new or restoration request for resources, depending upon the budgeting unit's funding target.

1. Long Range Financial Forecast

A workshop is held each June with the City Council to discuss the Long Range Financial Forecast for the City. The 5-year forecast workshop allows City Council to express policy guidelines for use in budget development. Major issues are addressed in the Manager's Message.

2. Revenue Projection

The budget revenue projections for the new fiscal year begin early in the current fiscal year. The projections are made by the departments responsible for the revenues with help from the Finance staff. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. Although revenue projections are prepared early in the budget process, the budget revenue analysis continues with departmental budget development and extends until the budget is adopted based upon any new information.

3. Proposed Budget Development

During budget development at the division and department level, Budget Office staff work with divisions/departments to analyze requests, provide advice, and lend assistance.

4. Proposed Budget Analysis/Compilation

The Budget Office reviews and compiles a preliminary draft of departmental budgets to present to the Management Team, which is comprised of the City Manager and department directors. During Management Team discussions, each department director presents their budget and answers questions from the entire group.

Given revenue projections and baseline funding requirements, budget changes in funding are made according to necessity and priority. A total recommended funding level is determined and is weighed against available resources.

5. City Council Budget Study

The Proposed Budget, including the Manager's Message, is compiled as part of the budget process and summarizes funding requirements, major changes in programs, and alternatives for funding.

A budget work session is held with the City Council to review and discuss the proposed budget. Discussions and study may follow at subsequent work sessions up until budget adoption.

6. Public Hearing/Budget Adoption

A public hearing on the budget and two public hearings on the tax rate are held in August and September prior to final budget consideration. At the public hearings, citizens may make formal comments concerning the proposed budget. The public also has the opportunity to attend City Council budget work sessions in August and September.

Budget adoption occurs in September after City Council deliberations and the public hearings. The City Council adopts a tax rate to support adopted funding levels. Pursuant to City Charter, the budget in place for the preceding year shall remain in place on a month-to-month basis until such time as a new budget has been adopted if no City Council action is taken before the end of the fiscal year, September 30.

7. Compilation of Adopted Budget/Budget Maintenance

An adopted budget is compiled and published during the first months of the new fiscal year. The adopted budget in the form of an amended proposed budget is available for public inspection in October. Ledger accounts are prepared for the new fiscal year prior to October 1.

Budget maintenance is a year-round activity of divisions/departments and Budget Office staff. Other spending control mechanisms include monthly review of expenditures by the Accounting staff. During the budget process departments make revenue and expenditure estimates for the current year.

Finally, program goals, objectives, and measures are evaluated during budget development to determine effectiveness of program activities and levels of appropriate funding for subsequent years.

FINANCIAL STRUCTURE

The financial structure of the budget is organized by funds. A fund is generally defined as a fiscal and accounting entity which has its own self-balancing set of accounts for recording cash and other financial resources, as well as any liabilities or residual equities or balances. Normally, funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. However, when appropriate, funds are made up of departments. The two types of funds utilized in this budget are Governmental and Proprietary. The specific funds which make up the Governmental Fund type are: General Fund, Recreation Fund, and the General Debt Service Fund. The Proprietary Fund types are: Utility Fund, and Storm Drainage Utility Fund. Each of the above-mentioned funds operates separately and independently from one another; therefore, they are budgeted separately and include separate financial statements.

**READER'S GUIDE
(continued)**

BUDGETED FUNDS

The City of Corinth's budget consists of various funds. Each fund represents a specific function and maintains individual objectives. The City of Corinth's budget includes the following funds:

General Fund – The General Fund contains the control and fiscal accounting for the City's general service operations. The General Fund's two major revenue sources are the sales and ad valorem taxes.

Debt Service Fund – The Debt Service Fund is used to record and control the accumulation of resources for payment of general long-term debt principal and interest. The City issues debt to acquire or construct capital assets such as roads or parks for the general benefit of Corinth citizens. Resources include an applicable portion of the ad valorem tax levy and related interest income usable from debt service.

Special Revenue Funds – Special Revenue Funds are used to account for the receipt of specific revenue sources that are restricted for expenditures for a specified purpose. Included in the special revenue funds are: the Recreation Fund, and the Street Maintenance Sales Tax Fund.

Enterprise Funds – Enterprise funds are used to account for governmental activities that are similar to those found in private businesses. The City budget includes Utility, and Storm Drainage Utility Funds. Each fund contains the controls and fiscal accounting for the services denoted in the title of each fund. The major revenue source for these enterprise funds is the rate revenue generated from the customers who receive the services provided.

BUDGET BASIS

The budget for the General, Special Revenue, Debt Service, and Capital Improvement Program (CIP) Funds are prepared on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current period except where the accrual basis is specified by generally accepted accounting principles. Expenditures are recognized when the related fund liability is incurred, except for (1) inventories of material and supplies which may be considered expenditures either when purchased or when used; (2) prepaid insurance and similar items which need not be reported; (3) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period; and (4) principal and interest on long-term debts which are generally recognized when due. Budgets for the Enterprise Funds are prepared on the full accrual basis of accounting under which transactions are recognized when they occur regardless of timing or related cash flows.

ORGANIZATIONAL RELATIONSHIPS

A department is a major administrative segment of the City, which indicates overall management responsibility for an operation or a group of related operations within a functional area (e.g., Police Department, Fire Department, Parks and Recreation Department). The smallest organizational unit budgeted is the division. The division indicates responsibility for one functional area, and in many cases these functional areas are put together to demonstrate a broader responsibility. When this is done, the divisions are combined to make up a department.

**BUDGET ADMINISTRATION AND DEVELOPMENT
AND INVESTMENT POLICIES**

I. Budget Period

- A. Establishment of Fiscal Year. "The City of Corinth's fiscal year shall begin on the first day of each October and end on the last day of September of the succeeding year."(Charter Section 9.01)

II. Budget Administration and Development

- A. Determining Council Priorities. "The budget shall provide a complete financial plan of all city funds and activities and, except as required by law or this Charter, shall be in such form as the Council may require."(Charter Section 9.03)
- B. Deadline for Budget Submission. A budget must be submitted "not later than sixty (60) days prior to the first day of the new fiscal year."(Charter Section 9.02)
- C. Public Hearing on Budget. "The Council shall hold a public hearing on the budget and shall provide adequate public notice of such hearing, including publication of notice as required by State law. All interested residents and property owners shall be given the opportunity to be heard regarding any item of the budget." (Charter Section 9.04)
- D. Truth in Taxation. Budget development procedures will be in conformance with the State law outlined in the Truth in Taxation process. In the event of a tax increase, notices will be provided and a public hearing held in conformance to this State law.
- E. Adoption of Budget. "The budget and tax rate may be adopted at a regular or special meeting of the Council prior to the beginning of the budgeted fiscal year by a majority vote of a two thirds quorum." "If the Council fails to adopt a budget by the beginning of the fiscal year, the budget currently in place for the preceding year shall remain in place on a month-to-month basis until such time as a new budget has been adopted."(Charter Section 9.04)
- F. Budget, a Public Record. The budget, budget message, and all supporting schedules shall be a public record in the office of the City Secretary open to public inspection. The City Manager shall prepare sufficient copies of the budget and budget message for distribution to interested persons,
- G. Balanced Budget Required. The City of Corinth will develop balanced budgets in which current resources (current revenues plus fund balance) will equal or exceed current expenditures.
- H. Funding of Current Expenditures with Current Revenues. The budget will assure that current expenditures are funded with current revenues. Current operating expenses will not be capitalized or funded through the use of long-term debt.

III. Revenue Policies

- A. Revenue Goal. The City will try to maintain a diversified and stable revenue stream to shelter it from short-run fluctuations in any one revenue source.
- B. Development of Revenue Projection. The City will estimate its annual revenues using an objective analytical process. The City will project revenues for the next two years and five years; and these projections will be updated annually. Each existing and potential revenue source will be examined annually.

**BUDGET AND INVESTMENT POLICIES
(continued)**

IV. Budget Amendment and Modification

- A. Amending the Budget. "If during the fiscal year the City Manager certifies that there are revenues available in excess of those estimated in the budget or funds otherwise available in unencumbered reserves, the Council by ordinance may make supplemental appropriations for the year up to the amount of these available funds. At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office, or agency. Upon written request by the City Manager, the Council may by ordinance transfer part or all of any unencumbered appropriation balance from one department, office or agency to another." (Charter Section 9.05)

V. Investment Objective and Strategy

It is the policy of the City that funds of the City shall be invested in accordance with all applicable Texas statutes, this Policy and any other approved, written administrative procedures. The five objectives of the City's investment activities shall be as follows (in the order of priority):

- A. Safety – Preservation and safety of Principal. Safety of principal invested is the foremost objective in the investment decisions of the City. Each investment transaction shall seek to ensure the preservation of capital in the overall portfolio. The risk of loss shall be controlled by investing only in authorized securities as defined in this Policy, by qualifying the financial institutions with which the City will transact, and by portfolio diversification. Safety is defined as the undiminished return of the principal on the City's investments.
- B. Liquidity. The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the City's cash flow requirements and by investing in securities with active secondary markets. Investments shall be structured in such a manner as to provide liquidity necessary to pay obligations as they become due. A security may be liquidated prior to its stated maturity to meet unanticipated cash requirements or to otherwise favorably adjust the City's portfolio.
- C. Diversification. Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the City. Diversifying the appropriate maturity structure will reduce market cycle risk.
- D. Market Rate-of-Return (Yield). The City's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio. The investment portfolio shall be managed in a manner which seeks to attain a market rate of return throughout budgetary and economic cycles. The City will not attempt to consistently attain an unrealistic above market rate-of-return as this objective will subject the overall portfolio to greater risk. Therefore, the City's rate of return objective is secondary to those of safety and liquidity. Rate of return (yield) is defined as the annual income returned on an investment, expressed as a percentage.
- E. Public Trust. The Investment Officer shall avoid any transactions that might impair public confidence in the City's ability to govern effectively. The governing body recognizes that in diversifying the portfolio, occasional measured losses due to market volatility are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented. The prudence of the investment decision shall be measured in accordance with the tests set forth in Section 2256.006(b) of the Act.

BUDGET GLOSSARY

The Annual Program of Services contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of this document in understanding these terms, a budget glossary has been included in the document.

Accrual Basis. The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Accrued Expenses. Expenses incurred but not due until a later date.

Administrative Transfer. An interfund transfer designed to recover General Fund expenditures conducted on behalf of Proprietary funds.

Ad Valorem Taxes. (Current) All property, real, personal, tangible, intangible, annexations, additions, and improvements to property located within the taxing unit's jurisdiction, which are subject to taxation on January 1 of the current fiscal year. Each year, by ordinance, the City Council exempts taxes on automobiles and other items from the tax levy. Following the final passage of the appropriations ordinance, City Council sets the tax rate and levy for the fiscal year beginning October 1 and continuing through the following September 30th.

Ad Valorem Taxes. (Delinquent) All taxes are due on receipt of bill and are delinquent if not paid before February 1 of the fiscal year in which they are imposed, except when the taxing unit postpones the delinquency date due to late mailing of tax bills or successful rollback elections.

Ad Valorem Taxes. (Penalty and interest) A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of the month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, the delinquent tax on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent.

Appropriation. A legal authorization granted by a governing body to make expenditures and to incur obligations for specific purposes.

Appropriable Fund Balance. The cash remaining from the prior year which is available for appropriation and expenditure in the current year.

Appropriation Ordinance. The official enactment by the City Council to establish legal authority for City officials to obligate and expend resources.

Assessed Valuation. A value that is established for real or personal property for use as a basis for levying property taxes. (Note: Property values are established by the Denton Central Appraisal District.)

Balanced Budget. A budget in which estimated revenues equal estimated expenditures.

Bond. A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation and revenue bonds. These are most frequently used for construction of large capital projects, such as buildings, streets and bridges.

**BUDGET GLOSSARY
(continued)**

Budget. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the governing body for adoption and sometimes the financial plan finally approved by that body. It is usually necessary to specify whether the budget under consideration is preliminary and tentative or whether it has been approved by the governing body.

Budget Adjustments. A legal procedure utilized by the City staff and City Council to revise a budget appropriation. The City of Corinth's Charter requires City Council approval through the adoption of a supplemental appropriation ordinance (which specifies both the source of revenue and the appropriate expenditure account) for any intra-fund adjustments. City staff has the prerogative to adjust expenditures within a departmental budget.

Budget Calendar. The schedule of key dates or milestones, which the City departments follow in the preparation, adoption, and administration of the budget.

Budget Document. The instrument used by the operational authority to present a comprehensive financial program to the City Council.

Budget Message. The opening section of the budget, which provides the City Council and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the views and recommendations of the City Manager.

Budgeted Funds. Funds that are planned for certain uses but have not been formally or legally appropriated by the governing body.

Capital Improvements. A permanent addition to the city's assets, including the design, construction or purchase of land, buildings or facilities, or major renovations of the same.

Cash Basis. A basis of accounting under which transactions are recognized only when cash changes hands.

Cash Management. The management of cash necessary to pay for government services, while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances.

Cost. (1) The amount of money or other consideration exchanged for property or services.
(2) Expense.

Cost Accounting. That method of accounting, which provides for assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

Current Taxes. Taxes that are levied and due within one year.

Debt Services. The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

Deficit. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.

**BUDGET GLOSSARY
(continued)**

Delinquent Taxes. Taxes that remain unpaid on and after the date on which a penalty for non-payment is attached.

Department. An organizational unit, which has the responsibility of providing programs, activities, and functions in a related field.

Depreciation. The process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset that cannot or will not be restored by repair and will be replaced. The cost of the fixed asset's lost usefulness is the depreciation or the cost to reserve in order to replace the item at the end of its useful life.

Division. An administrative segment of the City, which indicates management responsibility for an operation or a group of related activities within a functional area. Divisions are the basic units of the budget upon which departments are composed.

Encumbrances. Commitments related to unperformed (executory) contracts for goods or services.

Enterprise Fund. A fund established to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) for providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of Enterprise Funds are those for water, gas, and electric utilities; swimming pools; airports; parking garages; and transit systems.

Expenditure. This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid. This term applies to all funds. Note: An encumbrance is not an expenditure. An encumbrance reserves funds to be expended.

Expenses. Charges incurred (whether paid immediately or unpaid) for operation, maintenance, interest and other charges.

Fiscal Year. The time period designated by the City signifying the beginning and ending period for recording financial transactions. The City of Corinth has specified October 1 to September 30 as its fiscal year.

Fixed Assets. Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Franchise Fee. This is a charge paid for the use of City streets and public right of way and is in lieu of all other municipal charges, fees, street rentals, pipe taxes or rentals, easement or other like franchise fees, inspections, fees, and/or charges of every kind except only Ad Valorem and special assessment taxes for public improvements (e.g., gas, telephone, and cable tv).

Full-time Equivalent (FTE). A unit of measure based on the number of hours that an employee works during the fiscal year. One FTE is equal to 2080 hours.

Function. A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.

Fund. An accounting entity that has a set of self-balancing accounts and that records all financial transactions for specific activities or government functions. Eight commonly used funds in public accounting are: general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, trust and agency funds, internal service funds, and special assessment funds.

**BUDGET GLOSSARY
(continued)**

Fund Balance. Fund balance is the excess of assets over liabilities and is therefore also known as surplus funds.

General Fund. The fund used to account for all financial resources except those required to be accounted for in another fund.

General Obligation Bonds. Bonds that finance a variety of public projects, such as streets, buildings, and improvements. The repayment of these bonds is usually made from the General Debt Service Fund, and these bonds are backed by the full faith and credit of the issuing government.

Generally Accepted Accounting Principles (GAAP). Uniform minimum standards of and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. They encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. They provide a standard by which to measure financial presentations.

Governmental Funds. Those funds through which most governmental functions typically are financed. The acquisition, use and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, General Debt Service).

Grants. Contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility.

Income. A term used in proprietary fund type accounting to represent (1) revenues or (2) the excess of revenues over expenses.

Interfund Transfers. Amounts transferred from one fund to another to recover the charge for administrative services.

Investments. Securities and real estate held for the production of revenues in the form of interest, dividends, rentals, or lease payments. The term does not include fixed assets used in governmental operations.

Levy. (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments, or service charges imposed by a government.

Long-Term Debt. Debt with a maturity of more than one year after the date of issuance.

Mixed Beverage Tax. A tax imposed on the gross receipts of a Licensee for the sale, preparation, or service of mixed beverages or from the sale of ice or non-alcoholic beverages and consumed on the premises of the permittee.

Modified Accrual Basis. The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under it, revenues are recognized when they become both "measurable " and "available to finance expenditures of the current period." Expenditures are recognized when the related fund liability is incurred except for (1) inventories of materials and supplies which may be considered expenditures either when purchased or when used; (2) prepaid insurance and similar items which need not be reported; (3) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period, but for which larger-than-normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness which may be recorded when due rather than accrued, if approximately offset by interest earnings on special assessment levies; and (5) principal and interest on long-term debt which are generally recognized when due.

**BUDGET GLOSSARY
(continued)**

Operating Budget. Plans of current expenditures and the proposed means of financing them. The annual operating budget (or, in the case of some states governments, the biennial operating budget) is the primary means by which most of the financing acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law. Even where not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government.

Operating Expenses. Fund expenses which are directly related to the fund's primary service activities.

Operating Grants. Grants which are restricted by the grantor to operating purposes or which may be used for either capital or operating purposes at the discretion of the grantee.

Operating Income. The excess of fund operating revenues over operating expenses.

Operating Revenues. Fund revenues, which are directly related to the fund's primary service activities. They consist primarily of user charges for services.

Ordinance. A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Ordinarily, the statutes or charter will specify or imply those legislative actions, which must be by ordinance and those which may be by resolution. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances.

Other Financing Sources. Governmental fund general long-term debt proceeds, operating transfers out, and material proceeds of fixed asset dispositions. Such amounts are classified separately from revenues.

Overlapping Debt. The proportionate share of the debts of local governments located wholly or in part within the limits of the reporting government, which must be borne by property within each government.

Performance Measures. Specific quantitative and qualitative measures of work performed as an objective of the department.

Productivity Measures. Productivity measures should reflect how well a program is performing its activities to meet the needs of the public and the organization. They should measure productivity, effectiveness, efficiency or the impact of a service provided. While activity measures indicate "how much" activity the division/department is performing, productivity measures identify "how well" the division/department is performing.

Program Description. Describes the nature of service delivery provided at this level of funding. It clearly explains how service delivery will be different from the prior budget year.

Program Goals. Program goals describe the purpose or benefit the division/department plans to provide to the community and/or organizations it serves. Goals identify the end result the division/department desires to achieve with its activities, but goals are often ongoing and may not be achieved in one year.

Program Objectives. Program Objectives are quantifiable steps toward accomplishing stated goals. They should have a specific time frame or measurable achievement. Objectives should be able to be reached or completed within the current fiscal year. Objective statements are not required for every activity performed, but should focus on the major steps necessary for achieving established goals.

**BUDGET GLOSSARY
(continued)**

Property Tax. Property taxes are levied on both real and personal property according to the property's valuation and the tax rate.

Reserve. An account to use to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Revenue Bonds. Bonds whose principal and interest are payable exclusively from earnings of an Enterprise Fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the Enterprise Fund's property.

Revenues. (1) Increases in governmental fund type net current assets from other than expenditure refunds and residual equity transfers. Under NCGA Statement 1, general long-term debt proceeds and operating transfers in are classified as "other financing sources" rather than revenues. (2) Increases in proprietary fund type net total assets from other than expense refunds, capital contributions, and residual equity transfers. Under NCGA Statement 1, operating transfers in are classified separately from revenues.

Sales Tax. A general "sales tax" is levied on persons and businesses selling merchandise or services in the city limits on a retail basis. The categories for taxation are defined by state law. Monies collected under authorization of this tax is for the use and benefit of the City; however, no city may pledge anticipated revenues from this source to secure the payment of funds or other indebtedness.

Shared Revenues. Revenues levied by one government but shared on a pre-determined basis, often in proportion to the amount collected at the local level, with another government or class of governments.

Tax Rate. The amount of tax stated in terms of a unit of the tax base; for example, \$.50 per \$100 (one hundred dollars) assessed valuation of taxable property.

Tax Rate Limit. The maximum rate at which a government may levy a tax. The limit may apply to taxes raised for a particular purpose, or to taxes imposed for all purposes, and may apply to a single government, to a class of governments, or to all governments operating in a particular area. Overall tax rate limits usually restrict levies for all purposes and of all governments, state and local, having jurisdiction in a given area.

Tax Roll. The official list showing the amount of taxes levied against each taxpayer or property. Frequently, the tax roll and the assessment roll are combined, but even in these cases the two can be distinguished.

Taxes. Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

Trial Balance. A list of the balances of the accounts in a ledger kept by double entry with the debit and credit balances shown in separate columns.

Unencumbered Balance. The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purchases.

Working Capital. Budgeted working capital is calculated as a fund's current assets less current liabilities and outstanding encumbrances.

**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Resources & Expenditures
All Appropriated Funds**

	2004-05 ACTUAL	2005-06 BUDGET [2]	2005-06 ESTIMATE*	2006-07 ADOPTED
RESOURCES [1]				
General Fund	8,493,774	9,205,846	9,452,410	10,198,760
Debt Service Fund	2,632,565	2,128,018	2,118,268	1,422,796
Recreation Fund	130,454	182,864	181,282	183,000
Street Maintenance Sales Tax Fund	162,049	144,000	158,400	237,000
Utility Fund	9,000,462	7,185,252	7,956,655	9,865,495
Storm Drainage Utility Fund	295,598	295,730	363,439	410,830
TOTAL RESOURCES	20,714,902	19,141,710	20,230,454	22,317,881

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE*	2006-07 ADOPTED
EXPENDITURES				
General Fund	7,387,729	9,205,846	9,003,510	10,198,760
Debt Service Fund	2,632,565	2,128,018	2,128,018	1,422,796
Recreation Fund	129,007	181,000	180,704	180,155
Street Maintenance Sales Tax Fund	-	209,000	209,000	205,000
Utility Fund	9,220,756	9,042,463	9,042,752	9,865,495
Storm Drainage Utility Fund	188,292	289,683	252,190	335,650
TOTAL EXPENDITURES	19,558,349	21,056,010	20,816,174	22,207,856

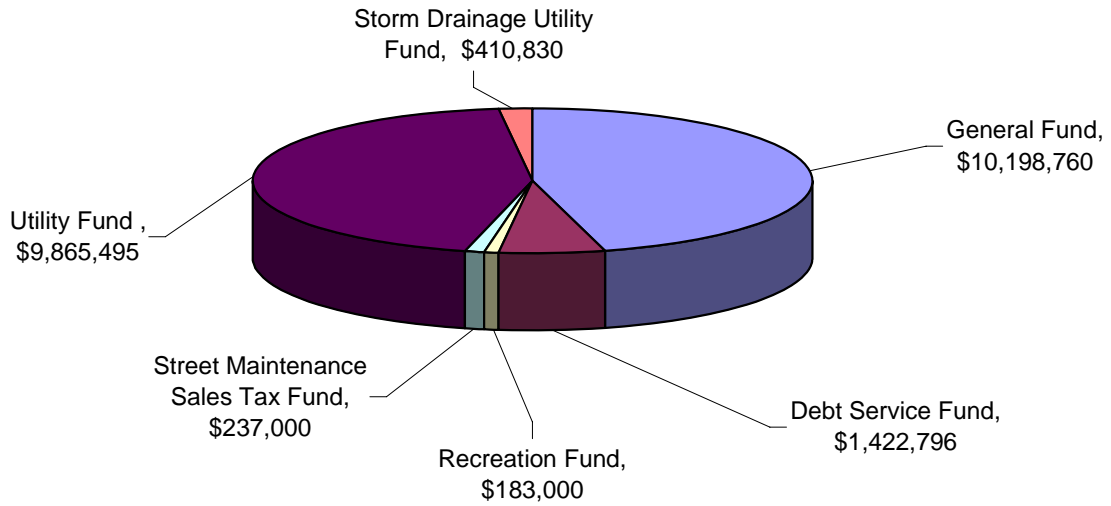
[1] Resources may include the use of fund balance.

[2] 2005-06 budget as amended.

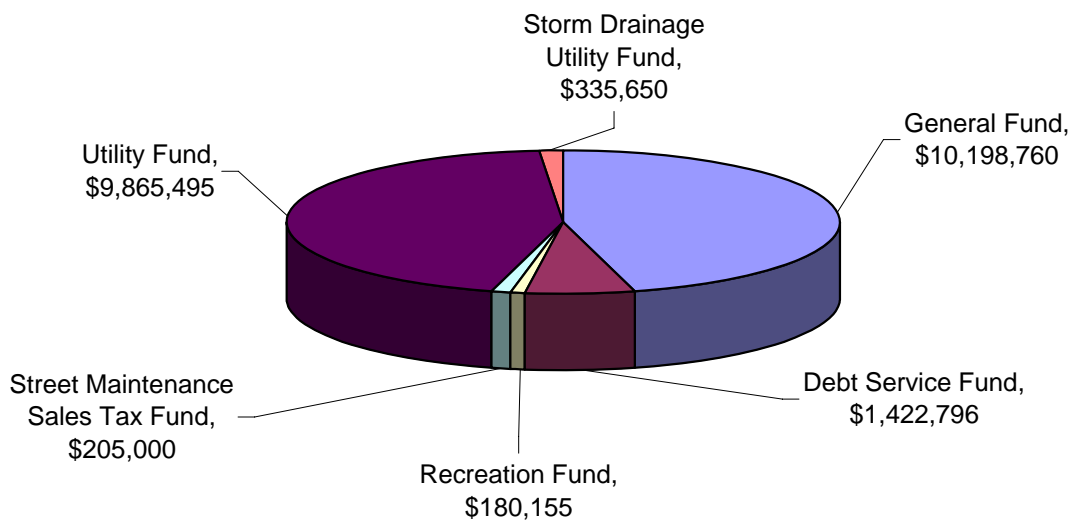
* As of June, 2006

**Summary of Resources & Expenditures
All Appropriated Funds**

**RESOURCES
\$22,317,881**



**EXPENDITURES
\$22,207,856**



**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Staffing Summary
2006-07**

Full Time Equivalents (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Projected	2006-07 Adopted
General Fund				
City Administration	3	3	3	4
Police	26	29	29	30
Animal Control	1.5	1.5	1.5	1.5
Lake Cities Fire Department*	36	38	38	40
Streets	7.4	7.4	7.4	7
Community Development	8	5	5	5
Fleet Maintenance	2	2	2	2
Planning	3	2	2	3
Code Enforcement	0	3	3	2
Parks & Recreation	17	17	17	17
Municipal Court	3	4	4	4
Finance	8	5	5	6
Human Resources	-	2	2	2
Information Services	-	1	1	2
General Fund Total	114.9	119.9	119.9	125.5
Water/Wastewater Fund				
Water	26.6	23.6	23.6	11.3
Wastewater	-	-	-	11.7
Utility Billing	-	3	3	3
Water/Wastewater Total	26.6	26.6	26.6	26
Other Funds				
Storm Drainage Fund	3	3	3	3
Corinth Economic Development Corp.	-	2	2	2
Crime Control District Fund	-	1	1	-
All Funds Total	144.5	152.5	152.5	156.5

* The Lake Cities Fire Department is a separate entity for which Corinth is responsible for approximately 55% of the total operations.



General Fund

The General Fund is the financial structure used for the accounting of receipt of resources (revenues) and uses of resources (expenditures) for what are generally recognized as governmental services and/or functions. These services/functions include public safety (police, animal control, fire), streets, parks & recreation, planning, community development, etc.



Resources for the General Fund are comprised of property taxes levied by the City, a 1% sales and use tax levied on taxable commodities, franchise fees for right-of-way access, charges for services performed by the City, fees and permits relating to building code requirements, fines and forfeitures, grants, interest from investments, and a number of other sources shown on the following page. Total General Fund resources for 2006-07 are \$10,198,760.

The Ad Valorem (property tax) accounts for the largest source of resources for the General Fund, approximately 56% of total revenue. This relatively high concentration of revenue is consistent with the fact that over 80% of the City's property values are in residential properties.



For 2006-07 property tax revenue is estimated to generate approximately \$5,673,000 for the City. Sales Tax provides the City with its next largest source of revenue, which is budgeted at \$947,100 for 2006-07, a 12.25% increase over the 2005-06 amount. Franchise taxes, fees & permits, and fines & forfeitures are also major revenue sources for Corinth, totaling more than \$2,440,000. The remainder of General Fund revenue consists of interest from investments, grants, and other miscellaneous sources.



**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Resources
General Fund**

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE*	2006-07 ADOPTED
RESOURCES				
Ad Valorem Taxes	4,660,213	5,253,500	5,253,500	5,673,300
Ad Valorem Taxes Subtotal	4,660,213	5,253,500	5,253,500	5,673,300
Delinquent M&O Taxes	50,550	50,000	50,000	52,500
Penalty & Interest	37,004	20,000	30,000	32,000
Delinquent M&O Penalty & Interest	14,474	12,500	12,900	12,900
Delinquent, P&I Subtotal	102,028	82,500	92,900	97,400
Electric Franchise Fee	467,078	580,000	565,160	568,000
Cable TV Franchise Fee	51,050	52,200	52,185	53,200
Natural Gas Franchise Fee	125,067	166,984	148,930	153,000
Telephone Franchise [1]	22,188	24,000	37,700	-
T-Mobile Site Rental	18,840	18,000	18,000	18,000
AT&T Telephone Franchise	-	-	-	120
Century-Tel Franchise	-	-	-	36,000
Grande Telecomm Franchise	-	-	-	2,900
Verizon Telecomm Franchise	-	-	-	440
Garbage Franchise Fee - Commercial	13,213	10,000	16,290	13,000
Cingular Site Rental	4,479	6,380	6,380	6,380
Garbage Franchise Fee - Residential	31,595	34,829	31,450	34,800
Franchise Taxes Subtotal	733,510	892,393	876,095	885,840
Sales Tax	948,055	840,000	924,000	947,100
Mixed Beverage Tax	4,842	4,000	4,000	4,000
Sales Taxes Subtotal	952,897	844,000	928,000	951,100
Building Permits	522,562	340,000	325,000	327,000
Plan Review	316,499	200,000	215,700	350,000
Fence Permits	1,675	-	4,000	6,000
Sprinkler Permits	2,925	-	9,125	10,000
Swimming Pool/Spa Permits	-	-	25,000	25,000
Commerical Building	-	-	2,000	-
Residential Add/Remodel	-	-	1,000	800
Commerical Add/Remodel	-	-	1,200	1,000
Registration Fees	350	-	2,000	6,000
Re-Inspection Fees	10,538	-	150	-
Development Packet Fees	-	-	100	130
Misc. Residential	197	-	4,000	100
Misc. Commerical	80	-	1,400	25,000
Miscellaneous Fees	-	-	-	100
Plat Fees	-	-	250	1,000
SUP Fees	-	-	120	460
Sign Deposits	-	-	150	5,000
BOA Appeal Fees	-	-	-	300
Zoning Change Fee	-	-	900	1,500
Flood Plain Dev. Permit	-	-	-	100

**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Resources
General Fund**

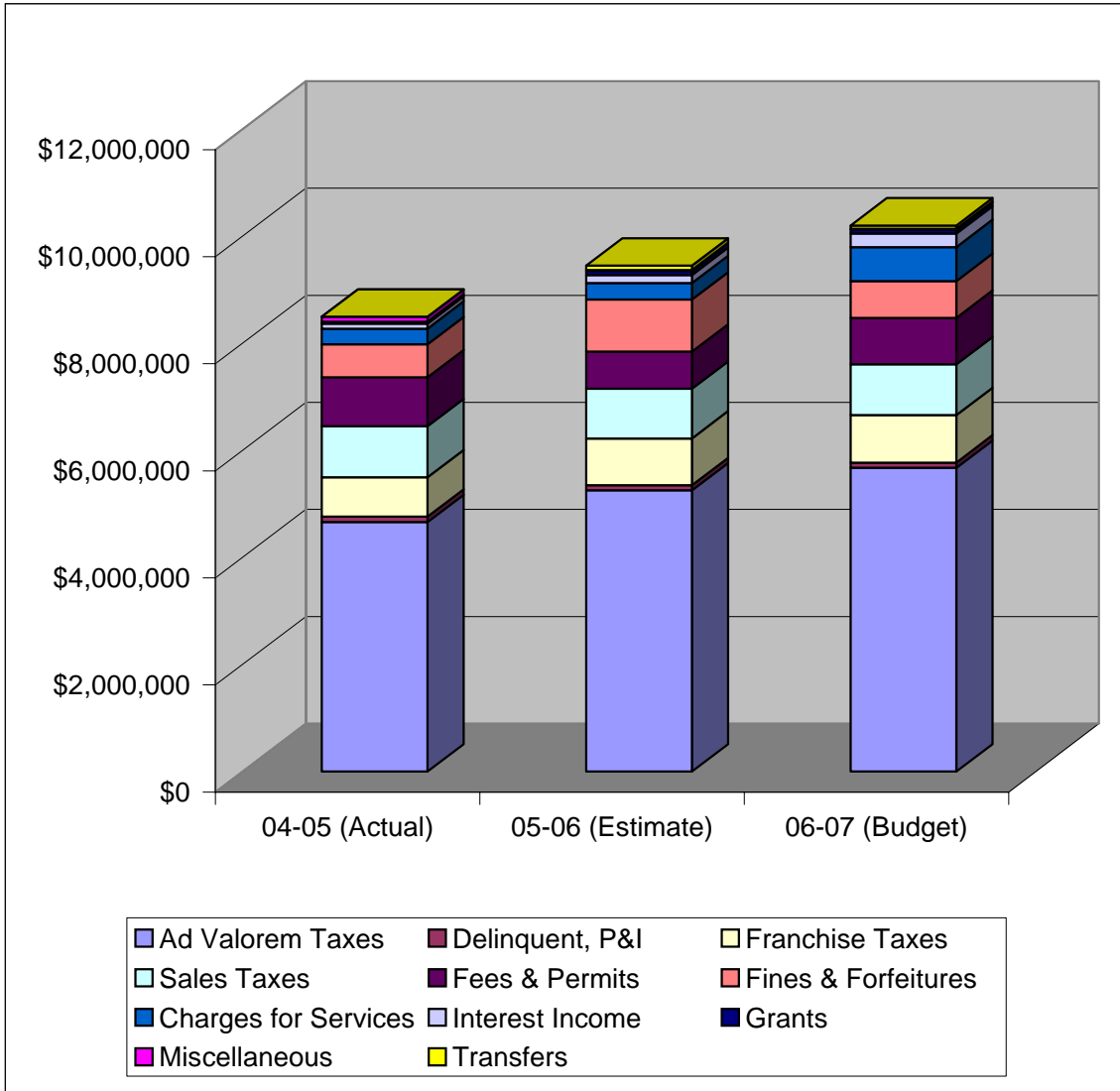
	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE*	2006-07 ADOPTED
Annexation Fees	-	-	-	300
Gas Well Application Fees	-	-	5,000	5,000
Variance Change Fees	-	-	1,200	2,100
Private Club Permits	-	600	-	-
Re-Inspection Fees	25,873	30,000	18,500	20,000
Plumbing/Electrical/Mechanical	6,725	3,500	6,500	5,000
Alarm Permits	12,468	12,000	12,000	12,000
Health Inspections	4,555	2,300	4,000	4,000
Food Handlers License	-	-	1,100	3,500
Engineering Fees	7,164	5,000	50,000	52,000
CI Inspections	3,253	3,300	2,150	2,000
Animal Control Fees & Registration	650	550	600	550
Solicitor Permits	960	1,000	850	1,000
Finger Prints	320	350	255	350
Filing Fees	-	-	50	-
Fees & Permits Subtotal	916,794	598,600	694,300	867,290
Fines Income	351,010	497,679	575,000	620,200
Administrative Fees	-	17,000	20,000	17,000
Uniform Traffic Act [2]	8,080	11,323	11,400	-
Judicial Court & Personnel Training [2]	1,677	1,890	800	-
VOC Expense [2]	12,618	13,000	8,240	-
Child Safety	3,877	4,000	1,200	2,160
Court Security Fees	-	-	-	15,000
Time Payment - L	4,943	4,600	4,000	5,400
Time Payment - State [2]	6,197	5,500	7,000	-
Fugitive Apprehension Fund [2]	4,199	4,800	6,000	-
Consolidated Court Costs [2]	14,238	16,000	20,000	-
Time Payment - L1 Court	1,238	1,150	1,500	1,080
Juvenile Crime & Delinquent [2]	824	940	1,200	-
Court Technology Fees	-	-	-	20,000
Juvenile Child Restraint [2]	1,051	500	650	-
OMNI Base State Fee	100	-	-	-
OMNI Base Fee	30	-	-	-
OMNI Base City Fee	20	-	-	-
State Traffic Fee [2]	78,649	102,363	135,000	-
04 Consolidated Court Costs [2]	121,092	130,495	165,000	-
State Jury Fees [2]	302	4,359	5,700	-
Judicial Fees, City	-	501	700	2,160
Accident Reports	4,097	4,600	6,000	4,000
Fines & Forfeitures Subtotal	614,242	820,700	969,390	687,000
Fleet Maintenance Revenue	5,655	4,000	6,500	6,500
Street Light Revenue	-	-	-	-
Utility Fund Administrative Allocation	190,000	190,000	190,000	486,370
Lake Cities Fire Admin Allocation	25,000	25,000	25,000	25,000

**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Resources
General Fund**

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE*	2006-07 ADOPTED
Shady Shores Police Allocation	63,005	-	80,700	80,700
Drainage Fund Admin Allocation	9,000	-	9,000	35,510
NSF Fees	185	250	275	250
Charges for Services Subtotal	292,845	219,250	311,475	634,330
Interest Income	91,574	70,000	150,000	250,000
Interest Income Subtotal	91,574	70,000	150,000	250,000
School Resource Officer Reimb.	25,000	50,000	50,000	50,000
Urban Area Sec Int Grant	11,028	-	-	-
TxDOT Step Grant	-	10,000	10,000	10,000
School Crossing Guard Reimbursement	-	11,500	11,500	11,500
Grants Subtotal	36,028	71,500	71,500	71,500
Credit Card Processing Fees	-	-	12,000	15,000
Miscellaneous Income	26,750	5,000	5,000	5,000
Miscellaneous Police	30,536	-	1,000	1,000
Park Usage Fees	-	-	300	-
Festival Donations	-	-	1,500	-
40% Salary Reimb - 4B	15,473	-	-	-
Captial Improvement Inspections	-	-	900	-
COBRA Admin Fees	-	-	50	-
Gain on Sale of Fixed Assets	20,884	-	-	-
Miscellaneous Subtotal	93,643	5,000	20,750	21,000
Transfer In	-	84,500	84,500	60,000
Transfers Subtotal	-	84,500	84,500	60,000
TOTAL REVENUES	8,493,774	8,941,943	9,452,410	10,198,760
Use of Fund Balance	-	263,903	-	-
TOTAL RESOURCES	8,493,774	9,205,846	9,452,410	10,198,760

**GENERAL FUND REVENUE
REVENUE BY SOURCE**





**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Expenditures
General Fund**

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE*	2006-07 ADOPTED
EXPENDITURES				
City Administration	433,918	479,037	512,025	577,520
City Administration Subtotal	433,918	479,037	512,025	577,520
Police	1,815,058	2,385,168	2,380,738	2,592,850
Animal Control	63,808	71,969	68,703	77,930
Public Safety Subtotal	1,878,866	2,457,137	2,449,440	2,670,780
Lake Cities Fire Department	1,475,374	1,590,092	1,590,092	1,899,560
Fire Subtotal	1,475,374	1,590,092	1,590,092	1,899,560
Streets	821,183	1,202,810	1,137,154	1,251,440
Fleet Maintenance	116,054	205,155	177,360	208,400
Public Works Subtotal	937,237	1,407,965	1,314,514	1,459,840
Community Development	346,985	300,354	252,473	312,360
Planning	206,577	215,254	188,309	308,870
Code Enforcement	-	179,673	156,410	137,670
Planning & Community Dev. Subtotal	553,562	695,281	597,192	758,900
Municipal Court [2]	399,056	546,153	546,015	278,450
Parks & Recreation	937,081	1,098,238	1,070,945	1,259,670
City Hall	121,111	148,904	154,809	155,400
Community Services Subtotal	1,457,248	1,793,295	1,771,769	1,693,520
Finance	639,104	492,686	469,905	614,610
Human Resources	-	131,072	124,235	133,850
Information Services	-	90,281	105,338	251,670
Finance & Admin Services Subtotal	639,104	714,039	699,478	1,000,130
Economic Development (4B) Funding	-	69,000	69,000	-
Transfers Out	12,420	-	-	-
General Services [3]	-	-	-	138,510
Other Expenditures Subtotal	12,420	69,000	69,000	138,510
TOTAL EXPENDITURES	7,387,729	9,205,846	9,003,510	10,198,760
EXCESS OF TOTAL RESOURCES OVER (UNDER) TOTAL EXPENDITURES	1,106,045	(263,903)	448,900	-

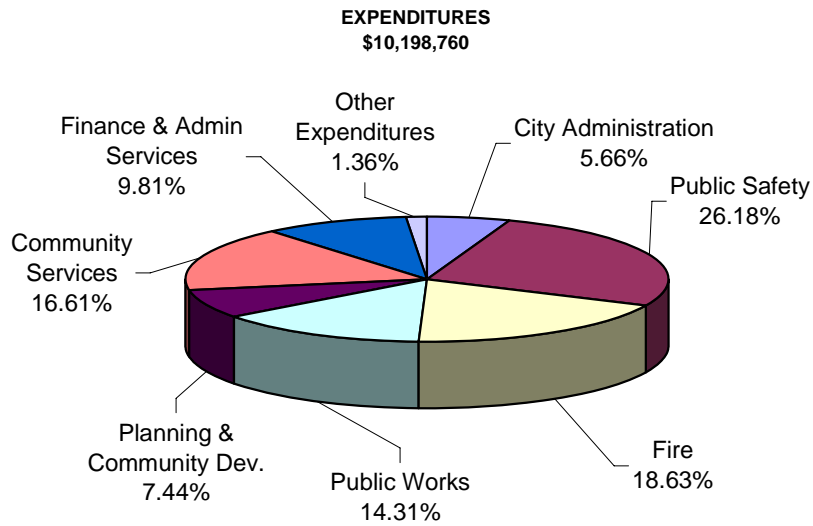
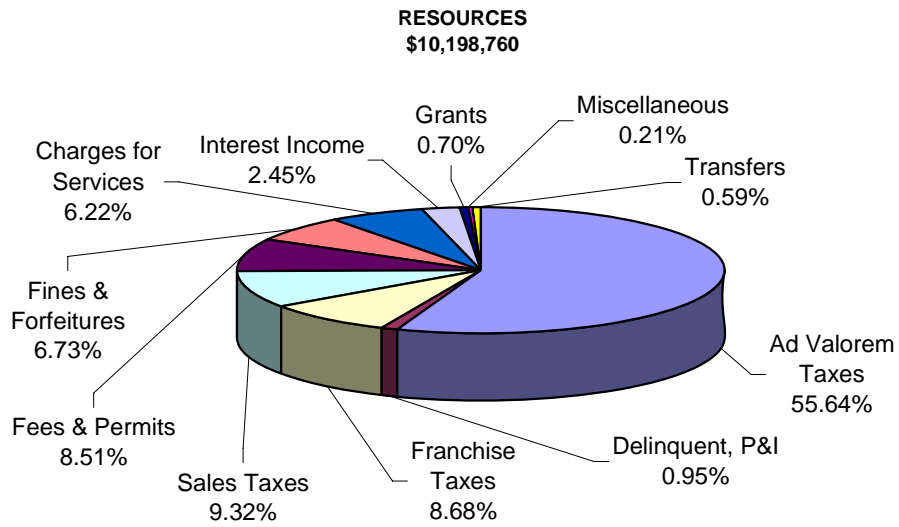
[1] Beginning in 2006-7, telephone franchise revenues will be split out by specific providers.

[2] Beginning in 2006-07, municipal court revenues paid to the state will be netted against corresponding expenditures.

[3] Beginning in 2006-07, the administrative allocation due to Utility Fund will no longer be netted against the corresponding revenue.

* Estimates as of June, 2006

**GENERAL FUND
RESOURCES & EXPENDITURES**



**Department - City Administration
Division - City Administration (107)**

**Fund 01
General Fund**

MISSION STATEMENT

The City Administration Division is committed to providing professional leadership, guidance, and coordination in implementing City policies as established by the City Council. The Department encourages employee development by providing a challenging work environment.

2006-07 GOALS & OBJECTIVES

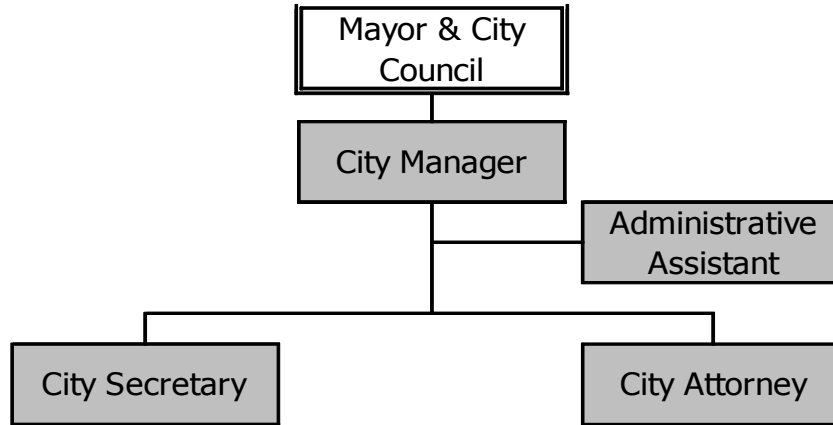
- The goals and objectives of the City Manager's division will be developed upon the hiring of a permanent City Manager.

MAJOR BUDGET CHANGES

- The 2006-07 Adopted Budget includes the addition of one FTE for a City Attorney position and a corresponding decrease for outside legal expenses.

**Department - City Administration
Division - City Administration (107)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ 433,918	\$ 479,037	\$ 512,025	\$ 577,520
	<u>\$ 433,918</u>	<u>\$ 479,037</u>	<u>\$ 512,025</u>	<u>\$ 577,520</u>

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 219,402	\$ 225,767	\$ 251,975	\$ 394,141
Supplies & Maintenance	7,349	10,100	8,300	21,899
Operations	207,167	243,170	251,750	161,480
Capital Outlay	-	-	-	-
	<u>\$ 433,918</u>	<u>\$ 479,037</u>	<u>\$ 512,025</u>	<u>\$ 577,520</u>

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Executive	1	1	1	1
Professional/Managerial	-	-	-	1
Technical/Paraprofessional	1	1	1	1
Office/Clerical	1	1	1	1
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	-	-
	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>

* 2006-07 budget includes the addition of one City Attorney FTE and a corresponding decrease in outside legal fees.

**Department - Public Safety
Division - Police (102)**

**Fund 01
General Fund**

MISSION STATEMENT

The Corinth Police Division, in cooperation with the citizens of Corinth, is committed to improving the quality of life in our City by identifying and resolving public safety concerns. The department strives to create an atmosphere of safety and security by sharing a vision for creative problem solving in cooperation with the community.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Addition of a newly created Tactical Team.
- Addition of a Traffic Division for better enforcement of traffic laws and to relieve workload placed on patrol officers.
- Addition of a Warrant Officer position to better aid the City in the collection of current and outstanding warrants.
- Creation of a new database used to manage offenses, property, and evidence.
- Replacement of old and outdated equipment.

2006-07 GOALS & OBJECTIVES

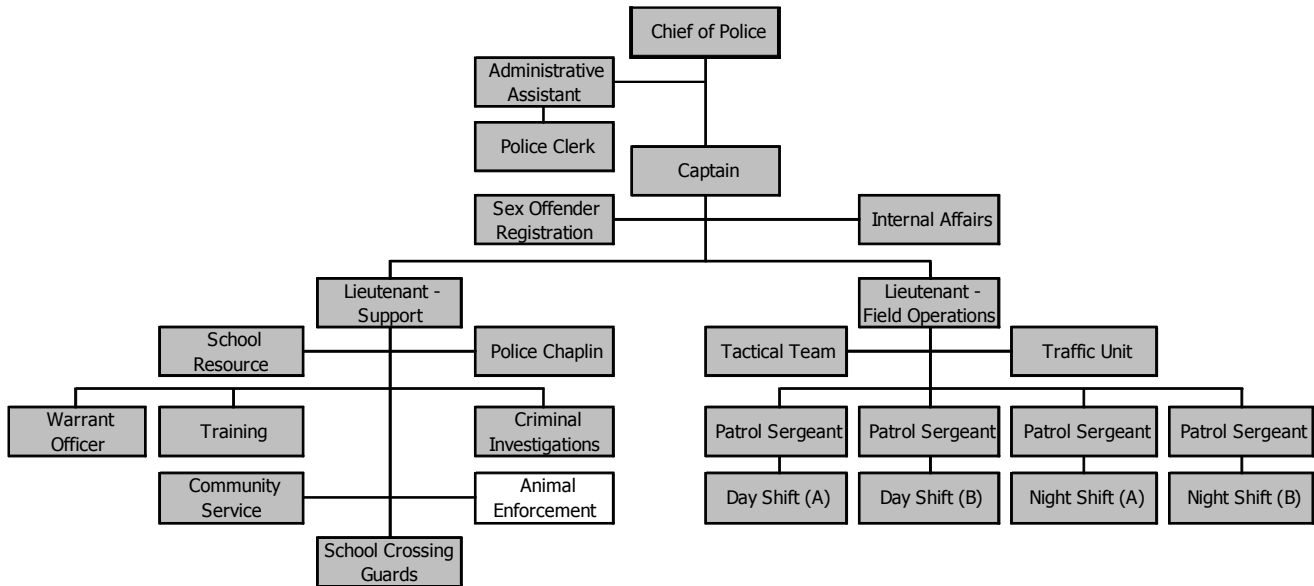
- Implement a new software program for increased productivity in criminal investigation cases.
- Continue necessary training and development of the divisions new Tactical Team.
- Development of a Hostage Negotiating Team with the other Lake Cities.
- Evaluate existing programs to improve efficiency.

MAJOR BUDGET CHANGES

- The 2006-07 Adopted Budget includes the addition of one additional FTE for a clerk/receptionist position.

**Department - Public Safety
Division - Police (102)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ 1,500,839	\$ 2,039,121	\$ 1,805,163	\$ 2,032,100
Fines & Forfeitures	215,186	274,547	423,375	408,550
Charges for Services	63,005	-	80,700	80,700
Grants	36,028	71,500	71,500	71,500
	\$ 1,815,058	\$ 2,385,168	\$ 2,380,738	\$ 2,592,850

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 1,664,023	\$ 2,049,207	\$ 2,072,088	\$ 2,315,350
Supplies & Maintenance	97,576	125,986	106,810	145,220
Operations	51,148	78,475	70,390	85,480
Capital Outlay	2,311	131,500	131,450	46,800
	\$ 1,815,058	\$ 2,385,168	\$ 2,380,738	\$ 2,592,850

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Executive	-	-	-	-
Professional/Managerial	-	-	-	-
Technical/Paraprofessional	-	-	-	-
Office/Clerical	1	1	1	2
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	-	-
Sworn Officer	25	28	28	28
	26	29	29	30

* Added one Police Clerk FTE for 2006-07.

**Department - Public Safety
Division - Animal Control (109)**

**Fund 01
General Fund**

MISSION STATEMENT

The Corinth Animal Control Department, in partnership with the citizens of Corinth, is committed to improving the health and safety of animals residing inside the geographical boundaries of the City.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

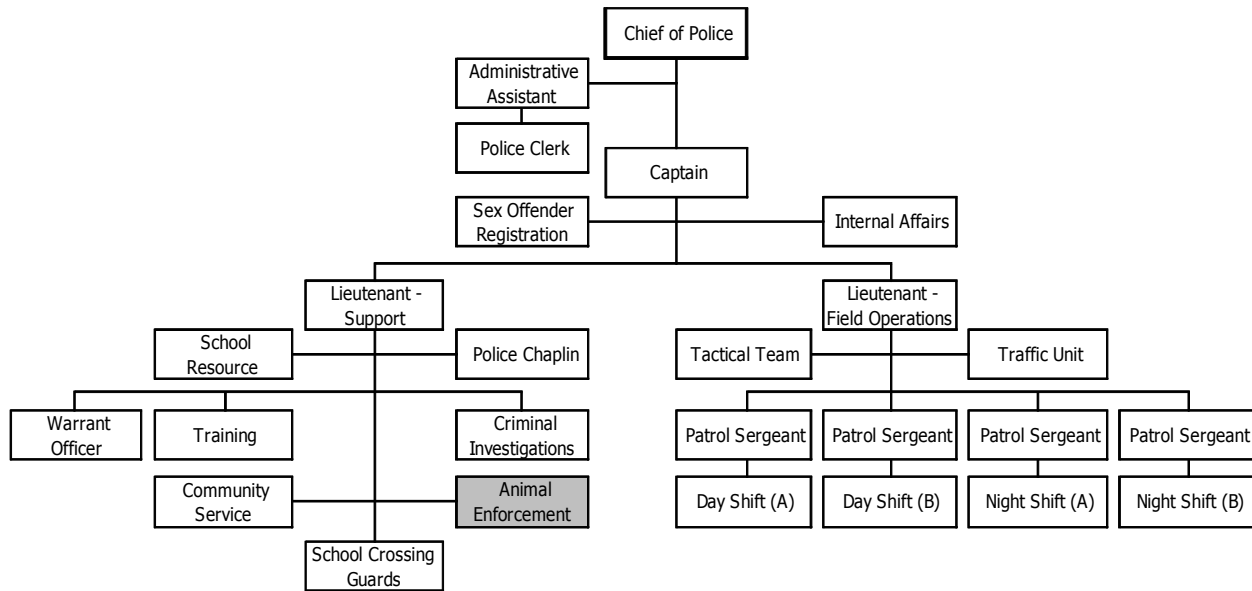
- Purchased new equipment for the Department to increase efficiency.
- Implemented a new City ordinance regarding dangerous animals and developed the corresponding protocol needed.
- Developed and implemented a dangerous animal awareness program.
- Increased departmental training to better prepare employees.

2006-07 GOALS & OBJECTIVES

- Develop policy for animal placement during emergency/disaster situations.
- Continue to update outdated equipment.
- Receive needed rabies vaccinations for all Animal Control Officers.
- Continue the newly developed animal awareness program.

**Department - Public Safety
Division - Animal Control (109)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ 63,158	\$ 71,419	\$ 68,103	\$ 77,380
Fees & Permits	\$ 650	\$ 550	\$ 600	\$ 550
	\$ 63,808	\$ 71,969	\$ 68,703	\$ 77,930

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 56,328	\$ 60,534	\$ 60,653	\$ 65,823
Supplies & Maintenance	5,693	7,570	5,940	7,992
Operations	1,787	3,865	2,110	4,115
Capital Outlay	-	-	-	-
	\$ 63,808	\$ 71,969	\$ 68,703	\$ 77,930

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	-	-	-	-
Technical/Paraprofessional	1.5	1.5	1.5	1.5
Office/Clerical	-	-	-	-
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	-	-
	1.5	1.5	1.5	1.5

**Department - Lake Cities Fire Dept.
Division - Fire (111)**

**Fund 01
General Fund**

MISSION STATEMENT

To protect the persons and property in Corinth, Hickory Creek, Lake Dallas, and Shady Shores by providing quality and innovative emergency services.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Maintained federal grant eligibility by completing National Incident Management System and Incident Command System training for all personnel.
- Completed the ISO review reducing the cities rating from 6 to 4, which helps to reduce insurance premiums paid by residents.
- Applied for and received grants totaling 78,100.
- Updated medical billing with Intermedix.

2006-07 GOALS & OBJECTIVES

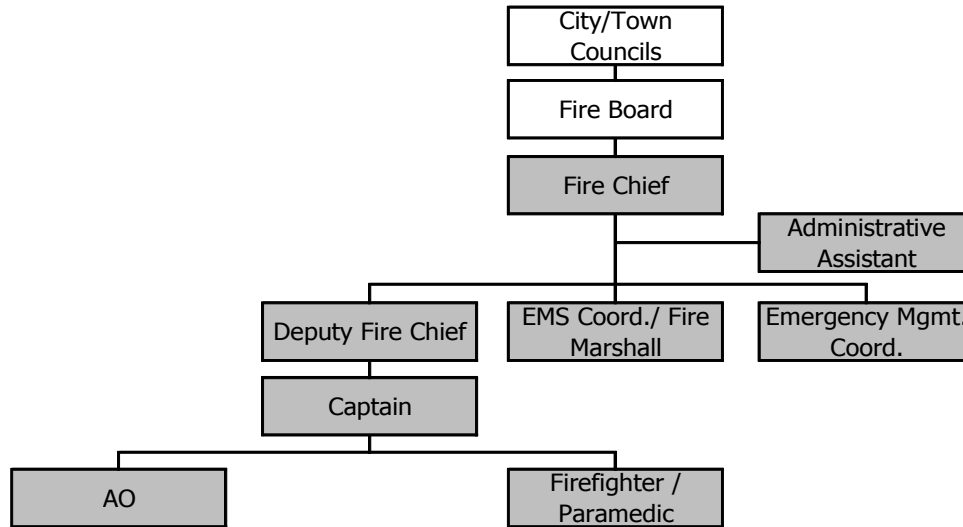
- Update the Emergency Management Plan and the Regional Hazard Mitigation Action Plan.
- Expand special rescue training to include trench and confined space rescues.
- Complete 2006-07 Homeland Security Grants.
- Perform annual inspections in commercial buildings, schools, and churches.

MAJOR BUDGET CHANGES

- The 2006-07 Adopted Budget includes the transfer of 1 FTE from the Corinth Crime Control District to the Lake Cities Fire Department.
- The 2006-07 Adopted Budget includes the addition of 1 FTE for a Firefighter/Paramedic to start mid-year.

**Department - Lake Cities Fire Dept.
Division - Fire (111)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ 1,467,300	\$ 1,554,828	\$ 1,563,592	\$ 1,899,560
	<u>\$ 1,467,300</u>	<u>\$ 1,554,828</u>	<u>\$ 1,563,592</u>	<u>\$ 1,899,560</u>

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ -	\$ -	\$ -	\$ -
Supplies & Maintenance	-	-	-	-
Operations	1,467,300	1,554,828	1,563,592	1,899,560
Capital Outlay	-	-	-	-
	<u>\$ 1,467,300</u>	<u>\$ 1,554,828</u>	<u>\$ 1,563,592</u>	<u>\$ 1,899,560</u>

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Executive	1	1	1	1
Professional/Managerial	1	1	1	1
Technical/Paraprofessional	6	6	7	8
Office/Clerical	1	1	1	1
Service/Maintenance	-	-	-	-
Certified Fire Personnel	21	27	28	29
	<u>30</u>	<u>36</u>	<u>38</u>	<u>40</u>

**Department - Public Works
Division - Streets (103)**

**Fund 01
General Fund**

MISSION STATEMENT

The Streets Division is committed to enhancing the quality of life in the City through the proactive maintenance of the City's transportation system, with a continuous emphasis on customer

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Completed a review of street inventory using the Micro Paver program and began logging needed repairs.
- Concluded all needed asphalt repairs and fog sealing in Forrestwood, Amity Village, Meadows North, Pecan Creek Circle, and Corinth Farms subdivisions.
- Installed two new sidewalks on Robinson and Oakmont Drive for school children.
- Reduced work order response time from two months to less than one week.
- Applied for and received an Interlocal Agreement with Denton County to fog seal Corinth Shores.

2006-07 GOALS & OBJECTIVES

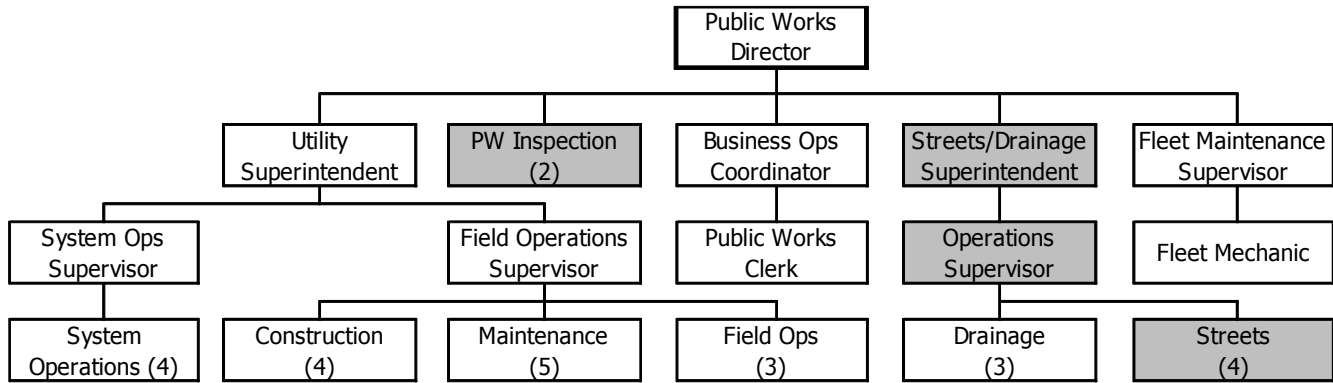
- Utilize Street Maintenance Sales Tax revenue and additional repaving funds to continue an aggressive street maintenance program.
- Reconstruct pavement along Church St., Lake Sharon Dr., and Dobbs Rd.
- Continue pursuing needed grants and other funding mechanisms to reduce operational funding and increase maintenance.

MAJOR BUDGET CHANGES

- The 2006-07 Adopted Budget includes an additional \$116,000 to address the current backlog of needed repairs.

**Department - Public Works
Division - Streets (103)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ 821,183	\$ 1,202,810	\$ 1,137,154	\$ 1,251,440
	<u>\$ 821,183</u>	<u>\$ 1,202,810</u>	<u>\$ 1,137,154</u>	<u>\$ 1,251,440</u>

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 352,031	\$ 425,537	\$ 428,349	\$ 418,187
Supplies & Maintenance	272,907	481,079	440,415	604,886
Operations	194,879	227,377	212,170	194,050
Capital Outlay	1,366	68,817	56,220	34,317
	<u>\$ 821,183</u>	<u>\$ 1,202,810</u>	<u>\$ 1,137,154</u>	<u>\$ 1,251,440</u>

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Executive	0.4	0.4	0.4	0
Professional/Managerial	1	1	1	1
Technical/Paraprofessional	2	2	2	2
Office/Clerical	-	-	-	-
Service/Maintenance	4	4	4	4
Temporary/Seasonal	-	-	-	-
	<u>7.4</u>	<u>7.4</u>	<u>7.4</u>	<u>7</u>

* Transferred .4 FTE to the Utility Fund for 2006-07.

** Public Works Inspectors are funded 1/2 from Utility Fund and 1/2 from General Fund.

**Department - Public Works
Division - Fleet Maintenance (108)**

**Fund 01
General Fund**

MISSION STATEMENT

The Fleet Maintenance Department is committed to providing high quality maintenance and repair of City vehicles and equipment. This police will ensure their continued productivity and safe operation. The department will continue to manage costs by the use of prudent diagnostic techniques and sound purchasing decisions.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

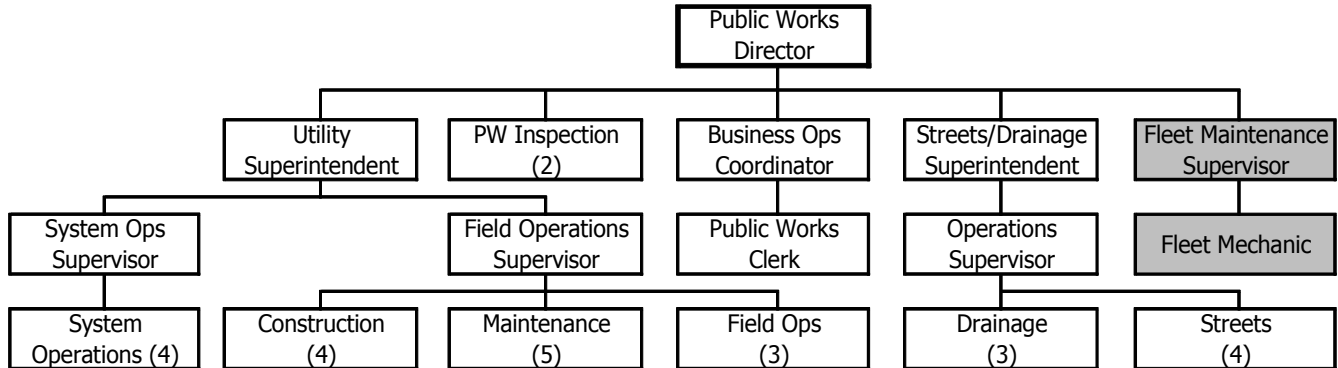
- Implement a Preventative Maintenance and Repair Program for the City's vehicle and equipment
- Continued to purchase needed tools and equipment to eliminate outsourcing or repairs.
- Offered vehicle maintenance training and ASE testing to City employees.
- Purchased an Antifreeze Recovery Machine for mandated compliance.

2006-07 GOALS & OBJECTIVES

- Purchase a new Fleet Maintenance service truck to enhance the level of service provided to the City's fleet.
- Continue ASE training and certification process for fleet employees.
- Continue tool and equipment purchasing program to further offset outsourcing.
- Work to further reduce needed inventory costs.

**Department - Public Works
Division - Fleet Maintenance (108)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ 110,399	\$ 201,155	\$ 170,860	\$ 201,900
Charges for Services	5,655	4,000	6,500	6,500
	\$ 116,054	\$ 205,155	\$ 177,360	\$ 208,400

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 94,208	\$ 103,625	\$ 102,175	\$ 105,668
Supplies & Maintenance	19,284	86,639	62,630	89,547
Operations	1,496	2,611	2,350	3,185
Capital Outlay	1,066	12,280	10,205	10,000
	\$ 116,054	\$ 205,155	\$ 177,360	\$ 208,400

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	1	1	1	1
Technical/Paraprofessional	-	-	-	-
Office/Clerical	-	-	-	-
Service/Maintenance	1	1	1	1
Temporary/Seasonal	-	-	-	-
	2	2	2	2

**Department - Planning & Community Development
Division - Community Development (104)**

**Fund 01
General Fund**

MISSION STATEMENT

The mission of the Community Development Division is to protect the health, safety, property, and welfare of the residents, property owners, and visitors of the City of Corinth. This is accomplished by aggressively enforcing the codes and ordinances adopted by the City.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

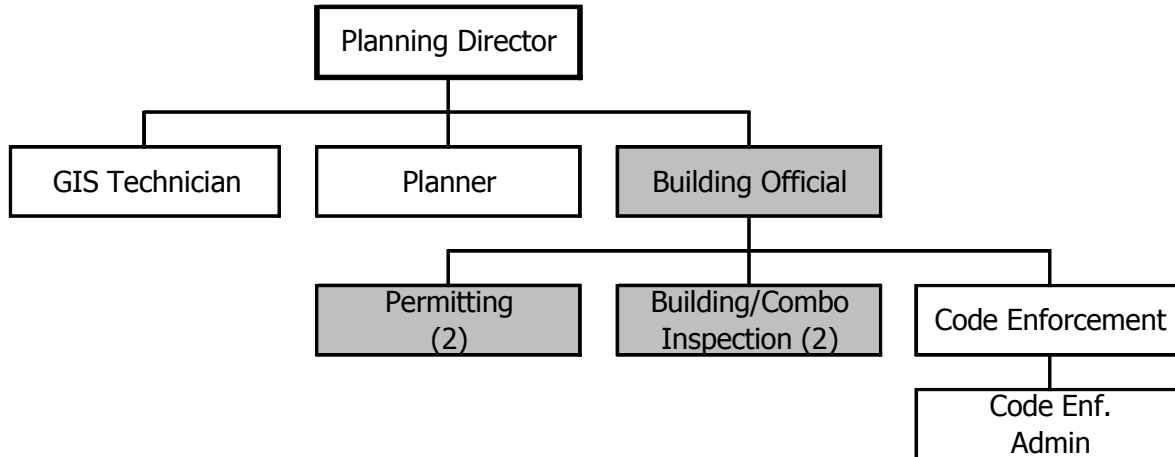
- Adopted the 2003 International Codes and the 2002 National Electric Code
- Issued a total of 923 permits, as of June 2006.
- Eliminated the City Hall phone tree and moved to answering all incoming calls personally.

2006-07 GOALS & OBJECTIVES

- Improve the plan review process by decreasing the time needed to review and issue permits to a 10 day period.
- Develop and pass the needed ordinance to implement building/code enforcement inspections for multi-family units.
- Increase departmental training to allow the City Building Official to become a Certified Building Official.
- Fill vacant positions within the department to increase departmental productivity.

**Department - Planning & Community Development
Division - Community Development (104)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Fees & Permits	346,985	300,354	252,473	312,360
	\$ 346,985	\$ 300,354	\$ 252,473	\$ 312,360

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 315,389	\$ 264,649	\$ 216,298	\$ 280,922
Supplies & Maintenance	16,518	6,715	10,475	10,967
Operations	15,078	28,990	25,700	20,471
Capital Outlay	-	-	-	-
	\$ 346,985	\$ 300,354	\$ 252,473	\$ 312,360

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	1	1	1	1
Technical/Paraprofessional	2	2	2	2
Office/Clerical	2	2	2	2
	5	5	5	5

**Department - Planning & Community Development
Division - Planning (110)**

**Fund 01
General Fund**

MISSION STATEMENT

The mission of the Planning Department is to provide the highest quality professional services in the areas of short and long-range planning, and to encourage the development of safe, accessible, and attractive properties that enhance property values within the City of Corinth.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Produced an informational CD-ROM for potential developers.
- Developed an new application manual for city developers.
- Simplified the development process via the City's new Fast Track system.
- Assisted FEMA with the updating of the City of Corinth's floodplain boundary maps.
- Updated City maps for accuracy.
- Updated the City's subdivision regulations, zoning regulations, and map.

2006-07 GOALS & OBJECTIVES

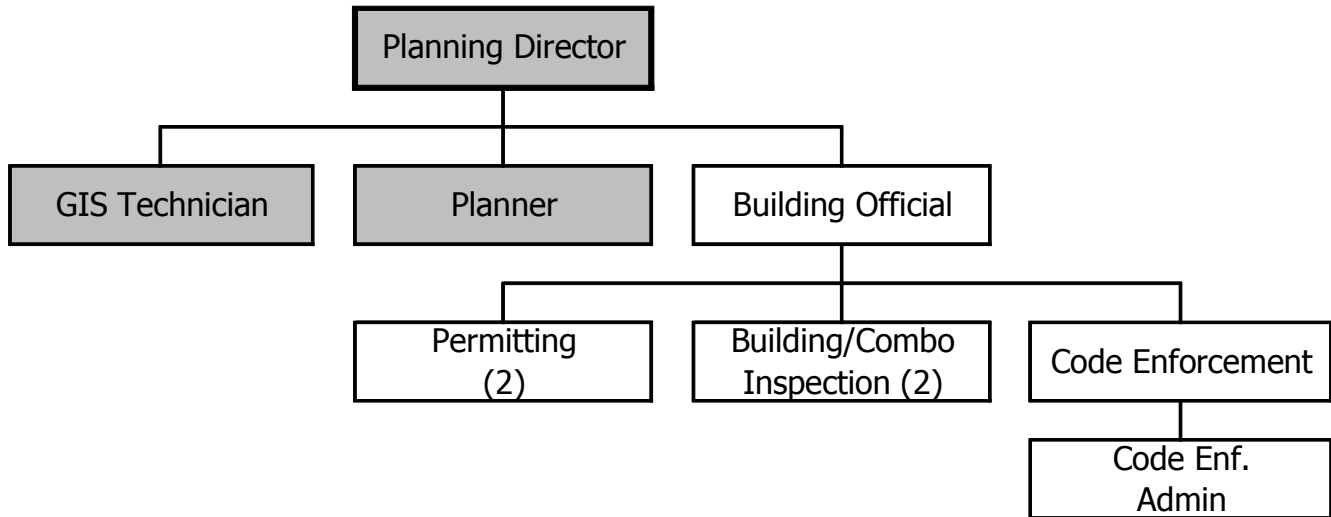
- Improve the accessibility of City maps and plans.
- Develop and adopt a 5 year Capital Improvement Plan with the remaining Public Works departments.
- Complete rezoning districts within the City.
- Continue to update subdivision regulations

MAJOR BUDGET CHANGES

- The 2006-07 Adopted Budget includes the transfer of one (1) FTE from Division 104 for the creation of a GIS Technician position in the Division 110.

**Department - City Planning
Division - Planning (110)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Fees & Permits	\$ 206,577	\$ 215,254	\$ 188,309	\$ 308,870
	\$ 206,577	\$ 215,254	\$ 188,309	\$ 308,870

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 147,362	\$ 106,363	\$ 113,379	\$ 193,412
Supplies & Maintenance	8,003	9,180	11,080	14,493
Operations	51,212	99,711	63,850	100,965
Capital Outlay	-	-	-	-
	\$ 206,577	\$ 215,254	\$ 188,309	\$ 308,870

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	-	-	-	1
Technical/Paraprofessional	1	1	1	2
Office/Clerical	1	1	1	-
Service/Maintenance	-	-	-	-
	2	2	2	3

* 2006-07 budget includes the transfer of one (1) FTE from the Code Enforcement Department.

**Department - Planning & Community Development
Division - Code Enforcement (113)**

**Fund 01
General Fund**

MISSION STATEMENT

The mission of the Code Enforcement Department is to have a positive impact on the City as a whole and to improve the quality of life throughout the community. Code Enforcement will achieve these objectives through professionalism, positive interaction with the community, and public education. The department is responsible for ordinance enforcement, health inspection services, and food handler's certifications.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Transferred the Code Enforcement Department supervision back to public works from public safety.
- Implemented a new department uniform policy.
- Brought health inspections for food service establishments back up to date.
- Restarted inspections for swimming pools.

2006-07 GOALS & OBJECTIVES

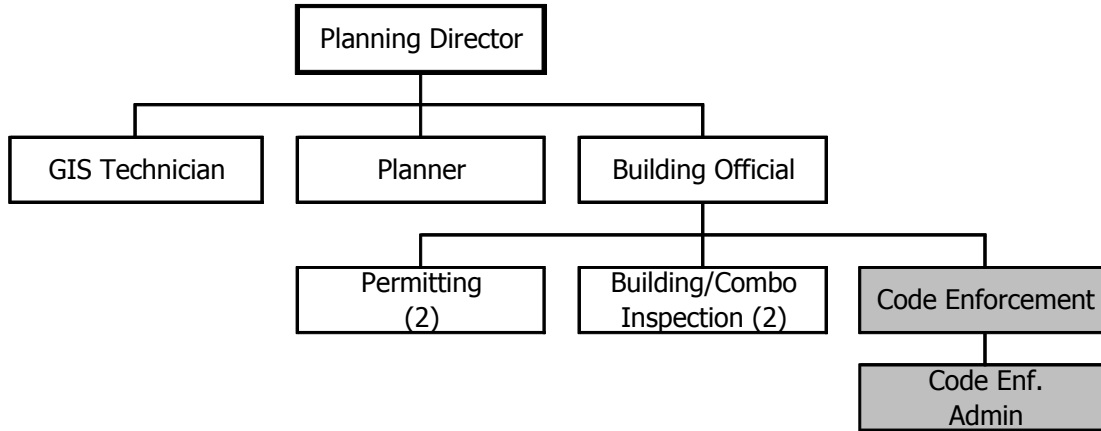
- Train new combination inspector position on building inspections as well as code enforcement to make more efficient use of staff.
- Inspect all restaurants and food service establishments twice annually.
- Inspect all public swimming pools twice annually.
- Develop and implement ordinance allowing for annual inspection of all multi-family units.

MAJOR BUDGET CHANGES

- The 2006-07 Adopted Budget includes the transfer of one FTE from the Code Enforcement Division to the Planning Division.

**Department - Planning & Community Development
Division - Code Enforcement (113)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ -	\$ 179,673	\$ 156,410	\$ 137,670
	\$ -	\$ 179,673	\$ 156,410	\$ 137,670

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ -	\$ 151,491	\$ 140,835	\$ 119,299
Supplies & Maintenance	-	13,300	9,050	8,727
Operations	-	14,882	6,525	9,644
Capital Outlay	-	-	-	-
	\$ -	\$ 179,673	\$ 156,410	\$ 137,670

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget*	2005-06 Estimate	2006-07 Adopted**
Executive	-	-	-	-
Professional/Managerial	-	-	-	-
Technical/Paraprofessional	-	2	2	1
Office/Clerical	-	1	1	1
Service/Maintenance	-	-	-	-
	0	3	3	2

* New Department for 2005-06, previously budgeted in department 104.

** 2006-07 budget includes the transfer of one (1) FTE to the Planning Department

**Department - Community Services
Division - Municipal Court (105)**

**Fund 01
General Fund**

MISSION STATEMENT

The Municipal Court Division of the City of Corinth is dedicated to executing the tasks associated with the administration of a municipal court on behalf of the citizens of Corinth and in accordance with the guidelines set forth by the State of Texas.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Implemented day court sessions for all municipal court functions.
- Filled the newly created Warrant Officer position to assist the City in collection of current and outstanding warrants.
- Implemented an online citation payment program to increase convenience and efficiency.
- Hired an additional Municipal Court Clerk to elevate the additional work volume generated by the new Police Traffic Unit and Warrant Officer position.
- Participated in a "Warrant Roundup" with surrounding communities in an attempt to collect on outstanding warrants.

2006-07 GOALS & OBJECTIVES

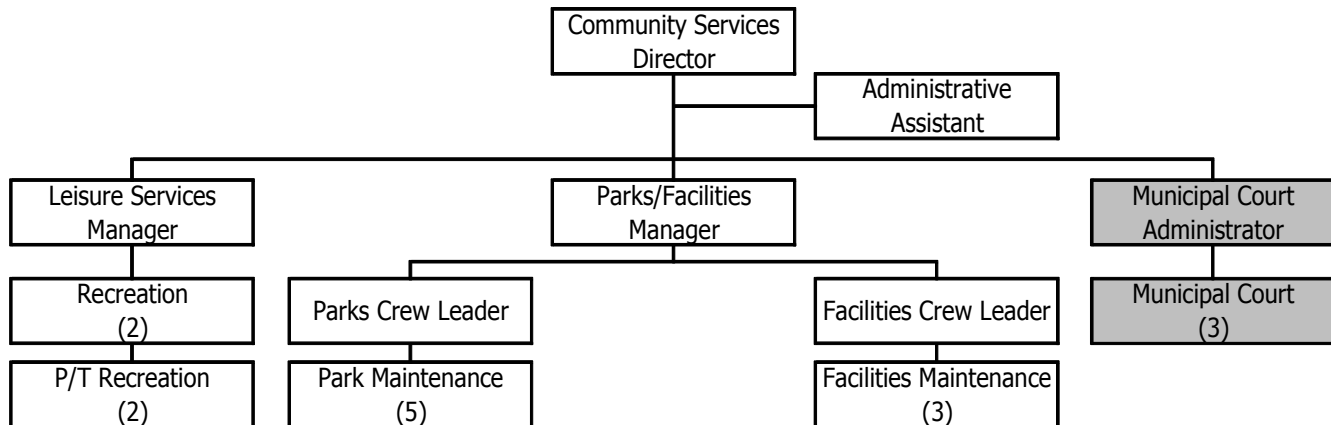
- Complete level I certification for all Court Clerks and level II certification for Court Administrator
- Conduct additional "Warrant Roundups" as part of the court's ongoing collection efforts.
- Continue to work with the Lake Dallas Police Department to enter Corinth warrants into the regions warrant system.

MAJOR BUDGET CHANGES

- For the 2006-07 Adopted Budget, State Court Fees will no longer be shown as an expenditure item; but will now be shown as a liability netted against court revenues for budget purposes.

**Department - Community Services
Division - Municipal Court (105)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Fines & Forfeitures	\$ 399,056	\$ 546,153	\$ 546,015	\$ 278,450
	\$ 399,056	\$ 546,153	\$ 546,015	\$ 278,450

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 133,715	\$ 170,528	\$ 154,450	\$ 196,210
Supplies & Maintenance	5,776	10,225	11,785	12,970
Operations	259,565	365,400	379,780	69,270
Capital Outlay	-	-	-	-
	\$ 399,056	\$ 546,153	\$ 546,015	\$ 278,450

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	1	1	1	1
Technical/Paraprofessional	-	-	-	-
Office/Clerical	2	2	2	3
Service/Maintenance	-	-	-	-
	3	3	3	4

**Department - Community Services
Division - Parks & Recreation (106)**

**Fund 01
General Fund**

MISSION STATEMENT

The mission of the Parks & Recreation Division is to ensure that the leisure needs of the Corinth community are met. This is accomplished by providing our residents with the opportunities for wholesome, year-round public recreation and leisure services.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

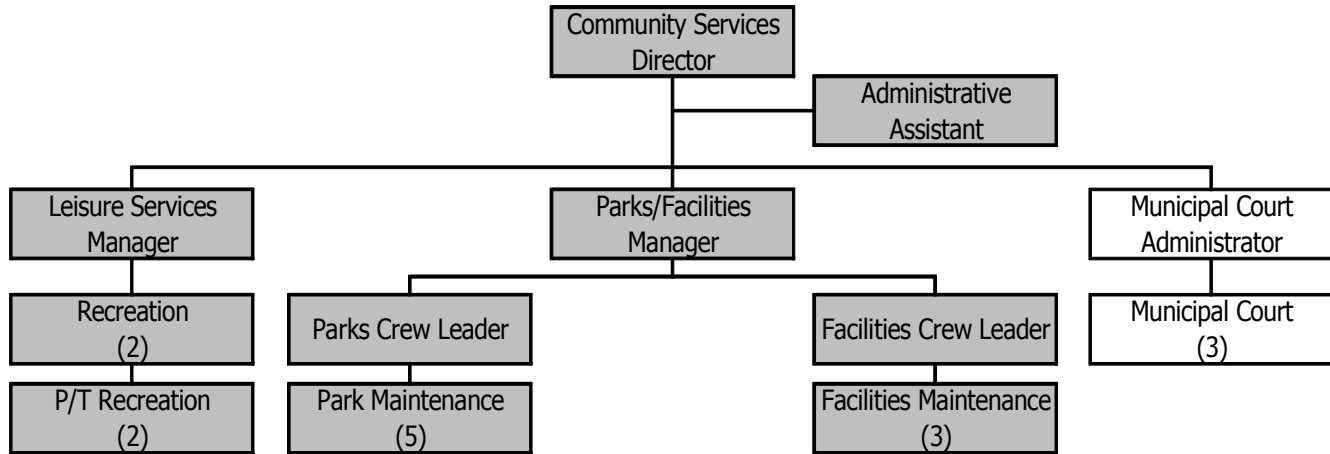
- Completed construction of a new Soft Trail around the perimeter of the Community Park.
- Installed new park equipment at the Meadow Oaks Park, Knoll Park, and Kensington Park in the form of new playground structures.
- Completed a City-wide Non-Motorized Trails Master Plan.
- Actively pursued and received sponsorship money from local businesses to pay for expenses related to City-wide special events and recreation class sponsorships.
- Converted manual program registration, field rental, and facility reservations to a new computerized, web based, system.
- Hosted the Texas Amateur Softball Association Men's Class D Slow Pitch District 13 Championship Softball Tournament.

2006-07 GOALS & OBJECTIVES

- Organize a Parks Foundation Board and apply for their 501.c.3 status through the Internal Revenue Service.
- Develop a feasibility study on construction of Phase 3 of the Community Park, Senior Adult Center, and a stand-alone recreation center.
- Relocate one (1) football field to the baseball complex to better accommodate the football association and its participants.
- Develop the southwest corner of the Community Park into sports practice fields in order to meet the growing demand for additional soccer fields.
- Continue examining programs and services to reduce operating costs and enhance City services.

**Department - Community Services
Division - Parks & Recreation (106)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ 937,081	\$ 1,098,238	\$ 1,070,945	\$ 1,259,670
	\$ 937,081	\$ 1,098,238	\$ 1,070,945	\$ 1,259,670

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 679,453	\$ 811,273	\$ 794,984	\$ 871,106
Supplies & Maintenance	124,881	131,100	131,961	216,774
Operations	132,747	148,365	136,500	171,790
Capital Outlay	-	7,500	7,500	-
	\$ 937,081	\$ 1,098,238	\$ 1,070,945	\$ 1,259,670

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	1	1	1	1
Professional/Managerial	2	2	2	2
Technical/Paraprofessional	2	2	2	2
Office/Clerical	1	1	1	1
Service/Maintenance	11	11	11	11
Temporary/Seasonal	-	-	-	-
	17	17	17	17



**Department - Community Services
Division - City Hall (112)**

**Fund 01
General Fund**

RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ 121,111	\$ 148,904	\$ 154,809	\$ 155,400
	\$ 121,111	\$ 148,904	\$ 154,809	\$ 155,400

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Wages & Benefits	\$ 17,551	\$ 27,600	\$ 35,619	\$ 30,095
Supplies & Maintenance	31,668	46,304	46,580	49,100
Operations	71,892	75,000	72,610	76,205
Capital Outlay	-	-	-	-
	\$ 121,111	\$ 148,904	\$ 154,809	\$ 155,400

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	-	-	-	-
Technical/Paraprofessional	-	-	-	-
Office/Clerical	-	-	-	-
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	-	-
	0	0	0	0

**Department - Finance & Administrative Services
Division - Finance (101)**

**Fund 01
General Fund**

MISSION STATEMENT

The Finance Division is committed to providing the highest quality financial management, support, fiduciary oversight, and public accountability to the citizens and community of Corinth and its designated officials. To this end, the following principles are held in the highest regard: 1) provide timely and accurate financial information to City departments and the community, 2) comply with State and Federal regulations regarding financial management, accounting, and control, 3) meet industry standards of financial management and reporting, 4) be a resource to City leaders on financial matters, economic issues, and operational performance, 5) be a role model to the organization for business management, ethical values, and organizational efficiency and effectiveness.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Applied for and received the Government Finance Officers Association (GFOA) *Award for Excellence in Financial Reporting*.
- Applied for and received the Government Finance Officers Association (GFOA) *Distinguished Budget Award*.
- Successfully refunded the City's outstanding bond indebtedness to reduce the required annual debt service payments
- Developed Corinth's Long Range Financial Forecast which presented a 5 year operating plan for the City.

2006-07 GOALS & OBJECTIVES

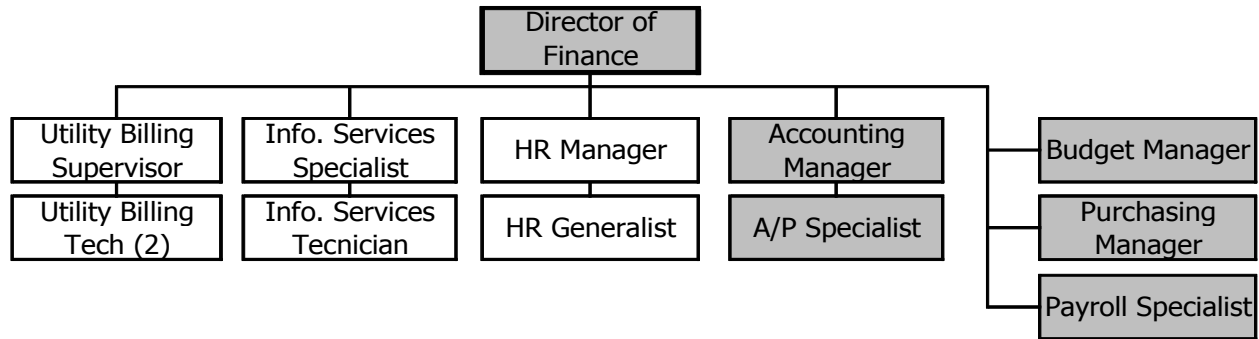
- Continue to apply for and receive the Government Finance Officers Association (GFOA) *Award for Excellence in Financial Reporting*.
- Continue to apply for and receive the Government Finance Officers Association (GFOA) *Distinguished Budget Award*.
- Complete reporting requirements for Governmental Accounting Standards Board (GASB) for the 2006 Comprehensive Annual Financial Report (CAFR).
- Development of a Capital Improvement Plan.
- Implementation of a procurement function.

MAJOR BUDGET CHANGES

- The Adopted budget reflects the addition of a procurement function with one additional FTE.

**Department - Finance & Administrative Services
Division - Finance (101)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ 639,104	\$ 492,686	\$ 469,905	\$ 614,610
	\$ 639,104	\$ 492,686	\$ 469,905	\$ 614,610

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ 479,119	\$ 348,986	\$ 329,225	\$ 449,856
Supplies & Maintenance	48,411	29,500	29,974	15,574
Operations	111,574	114,200	110,706	143,430
Capital Outlay	-	-	-	5,750
	\$ 639,104	\$ 492,686	\$ 469,905	\$ 614,610

STAFFING SUMMARY (FTE's)	2004-05 Actual*	2005-06 Budget	2005-06 Estimate	2006-07 Adopted**
Executive	1	1	1	1
Professional/Managerial	3	2	2	3
Technical/Paraprofessional	3	2	2	2
Office/Clerical	1	-	-	-
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	-	-
	8	5	5	6

* Included Human Resources and Information Technology divisions prior to 2005-06.

** 2006-07 budget includes the addition of one (1) FTE for a Purchasing Manager position.

**Department - Finance & Administrative Services
Division - Human Resources (114)**

**Fund 01
General Fund**

MISSION STATEMENT

The mission of the Human Resources Department is to provide quality service to our internal and external customers. The Department is committed to serving our customers with dignity, fairness, honesty, and trust. Our core services include the recruitment and retention of quality staff, a competitive salary and benefits package, management and employee training, administration of a valuable benefits package, providing a safe work environment, and assistance with human relations issues.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

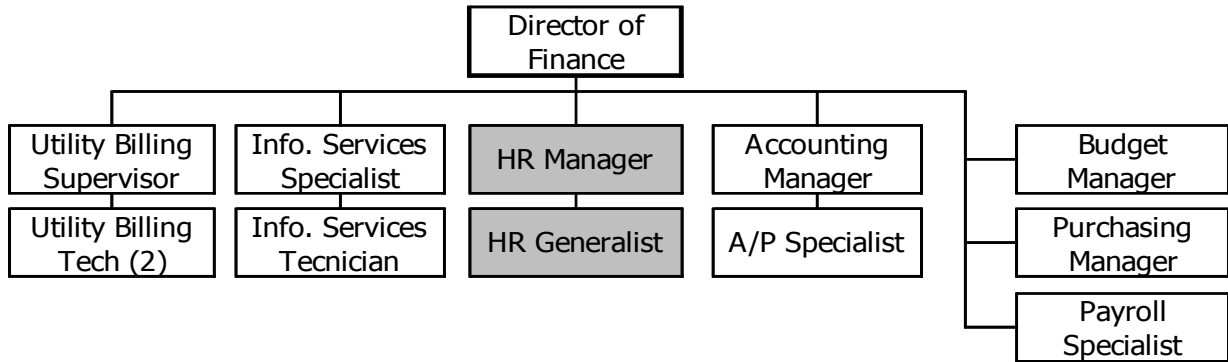
- Implemented the Flexible Spending Accounts (FSA) plan.
- Completed the 2006 Wage and Salary Survey using Texas Municipal League (TML) data.
- Reviewed and amended administrative procedures to comply with TMRS plan provisions and the Internal Revenue Service.
- Joined the Public Employee Benefits Alliance (PEBA) which is designed to provide political subdivisions with the leverage required to negotiate with benefits vendors.

2006-07 GOALS & OBJECTIVES

- Provide a retiree benefit plan on a voluntary basis through PEBA.
- Review and update job descriptions to establish a viable pay structure for internal equity.
- Implement a performance evaluation system for City employees.
- Review and update the City's Personnel Manual.

**Department - Finance & Administrative Services
Division - Human Resources (114)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual*	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ -	\$ 131,072	\$ 124,235	\$ 133,850
	\$ -	\$ 131,072	\$ 124,235	\$ 133,850

EXPENDITURES	2004-05 Actual*	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ -	\$ 116,902	\$ 107,993	\$ 118,489
Supplies & Maintenance	-	2,400	2,400	2,632
Operations	-	11,770	13,842	12,729
Capital Outlay	-	-	-	-
	\$ -	\$ 131,072	\$ 124,235	\$ 133,850

STAFFING SUMMARY (FTE's)	2004-05 Actual*	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	-	1	1	1
Technical/Paraprofessional	-	-	1	1
Office/Clerical	-	1	-	-
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	-	-
	0	2	2	2

* Human Resources became a separate department beginning 2005-06.

**Department - Finance & Administrative Services
Division - Information Services (115)**

**Fund 01
General Fund**

MISSION STATEMENT

Information Technology is responsible for providing the City of Corinth with a viable, stable, and functional information technology network with which to conduct the City's business with little inconsistencies and zero down time.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Transferred the City's email system from an externally hosted account to a state of the art Exchange Server.
- Changed the City's internet access provider to increase speed and eliminate down time.
- Implemented the upgrade of the City's Incode operating software from version 3.1 to 4.0.
- Completed 99% of the necessary computer system upgrades with remaining funds from the City's 2004 Tax Note.

2006-07 GOALS & OBJECTIVES

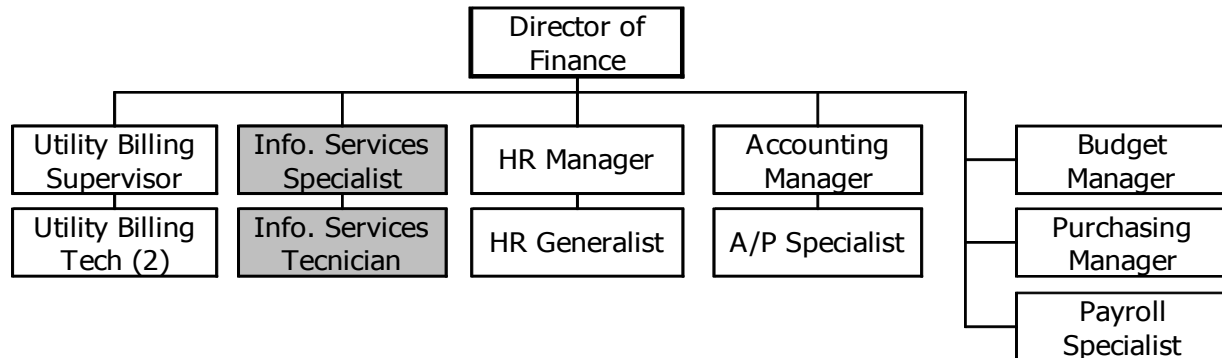
- Increase the system accessibility of the City's satellite buildings by upgrading to a 100Mbps fiber channel.
- Continue to manage the City's information technology system to maintain productivity and eliminate system down time.
- Concentrate all information technology related expenses into the Information Technology Department to better track the City's IT expenses.

MAJOR BUDGET CHANGES

- The 2006-07 Proposed Budget includes the transfer of one FTE from the Utility Fund to the Information Services Division of the General Fund for the creation of an IS Support Desk Technician.
- For 2006-07, all technology related expenses have been consolidated to the Information Services division.

**Department - Finance & Administrative Services
Division - Information Services (115)**

**Fund 01
General Fund**



RESOURCES	2004-05 Actual*	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ -	\$ 90,281	\$ 105,338	\$ 251,670
	\$ -	\$ 90,281	\$ 105,338	\$ 251,670

EXPENDITURES	2004-05 Actual*	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ -	\$ 62,288	\$ 68,863	\$ 133,369
Supplies & Maintenance	-	2,900	4,277	50,732
Operations	-	25,093	32,197	67,569
Capital Outlay	-	-	-	-
	\$ -	\$ 90,281	\$ 105,338	\$ 251,670

STAFFING SUMMARY (FTE's)	2004-05 Actual*	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	-	-	-	1
Technical/Paraprofessional	-	1	1	1
Office/Clerical	-	-	-	-
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	1	-
	0	1	2	2

* Information Technology became a separate department in 2005-06.

**Department - Finance & Admin. Services
Division - General Services (117)**

**Fund 01
General Fund**

RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ -	\$ -	\$ -	\$ 138,510
	\$ -	\$ -	\$ -	\$ 138,510

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Wages & Benefits	\$ -	\$ -	\$ -	\$ -
Supplies & Maintenance	-	-	-	-
Operations	-	-	-	138,510
Capital Outlay	-	-	-	-
	\$ -	\$ -	\$ -	\$ 138,510

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	-	-	-	-
Technical/Paraprofessional	-	-	-	-
Office/Clerical	-	-	-	-
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	-	-
	0	0	0	0

* Includes \$138,510 allocation to Utility Fund previously netted against corresponding revenue.

Debt Service Fund

The Debt Service Fund is used for the accumulation of resources for payment of long-term debt principal and interest. Resources for the fund come from an applicable portion of the Ad Valorem Tax Levy. From the collectible portion of the tax levy, an allocation of available funds is made between General Fund operating revenue and the Debt Service Fund. Transfers from other funds to cover payments for projects funded with bonds are incorporated in the respective operating budgets.

DEBT MANAGEMENT SUMMARY

- A. **Debt Issuance.** The City will issue debt only for the purpose of acquiring or constructing capital assets for the general benefit of its citizens and to allow it to fulfill its various missions as a city. Debt may be issued for the purposes of purchasing land or rights-of-way and/or improvements to land, for construction projects to provide for the general good, or for capital equipment.
- B. **Disclosure.** Full disclosure of operations will be made to the bond rating agencies and other depositories of financial information as required by the Securities and Exchange Commission (SEC) Rule 15c2-12, specifically, Texas Municipal Advisory Council (State Information Depository).
- C. **Rating Agency Communication.** The City staff will seek to maintain and improve its current bond rating so its borrowing costs are reduced to a minimum and its access to credit preserved. The City staff, with assistance of financial advisors and bond counsel, will prepare the necessary materials for presentation to the rating agencies, will aid in the production of Official Statements, and will take responsibility for the accuracy of all information released.
- D. **Federal Requirements.** The City will maintain procedures to comply with arbitrage rebate and other federal requirements.
- E. **Debt Limit.** The State of Texas limits the ad valorem tax rate to \$2.50 per \$100 valuation. Corinth's adopted rate of \$.55698 per \$100 valuation falls well below this limit.
- F. **Bond Ratings.** Corinth's bonds currently have the following ratings:

Moody's
A2

Standard & Poor's
A

These ratings directly affect the cost of debt. The City's policies are focused on issues which maintain high bond ratings and keep debt costs reasonable.

**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Resources & Expenditures
Debt Service Fund**

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE*	2006-07 ADOPTED
RESOURCES				
Ad Valorem Taxes	2,030,463	1,559,326	1,559,326	1,410,868
Interest Income	6,803	9,750	-	-
Transfers In	-	-	-	-
TOTAL REVENUES	2,037,266	1,569,076	1,559,326	1,410,868
Use of Fund Balance	595,299	558,942	558,942	11,928
TOTAL RESOURCES	2,632,565	2,128,018	2,118,268	1,422,796
EXPENDITURES				
Debt Service	2,143,407	2,123,518	2,123,518	1,418,619
Agent Fees	4,038	4,500	4,500	4,177
Transfers Out	485,120	-	-	-
TOTAL EXPENDITURES	2,632,565	2,128,018	2,128,018	1,422,796
EXCESS OF TOTAL RESOURCES OVER (UNDER) TOTAL EXPENDITURES	(595,299)	(558,942)	(568,692)	(11,928)

* Estimates as of June, 2006

**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**ESTIMATED AD VALOREM TAX COLLECTIONS & DISTRIBUTION
2006-07**

Assessed Valuation for 2005	\$ 1,215,046,284
Gain in Value	72,359,892
Net Assessed Valuation for 2006	\$ 1,287,406,176

GENERAL FUND:

Tax Rate Per \$100 valuation	x 0.44739
	5,759,726
Estimated Collections *	x 98.50%
TOTAL REVENUE	\$ 5,673,331

GENERAL DEBT SERVICE FUND:

Tax Rate Per \$100 valuation	x 0.10959
	1,410,868
Estimated Collections *	x 100.00%
TOTAL REVENUE	\$ 1,410,868

DISTRIBUTION	2005-06	2006-07	2006-07 REVENUE	PERCENT
General Fund	\$ 0.43239	\$ 0.44739	\$ 5,673,331	80.32%
General Debt Service Fund	0.12459	0.10959	1,410,868	19.68%
TOTAL	\$ 0.55698	\$ 0.55698	\$ 7,084,199	100.00%

** The Tax Assessor/Collector requires that the estimated collections for General Debt Service be budgeted at 100% to determine the Interest and Sinking tax rate. The General Fund estimated collections are budgeted at 98.50% to determine the Operating and Maintenance Tax Rate to account for any uncollected taxes.*

**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

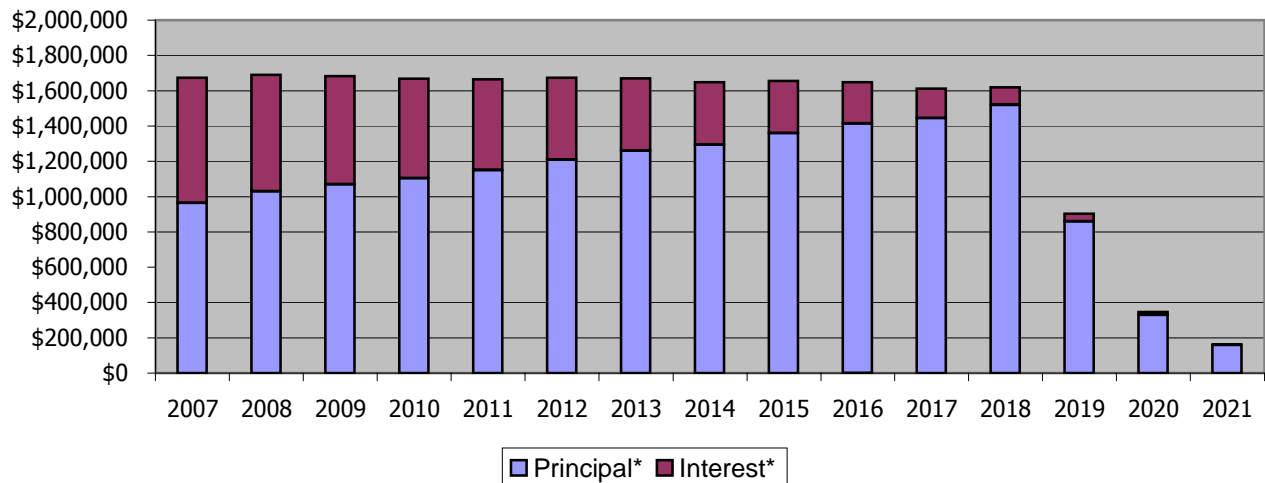
**GENERAL LONG-TERM DEBT
2006-07**

Issue	Interest Rate	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount outstanding at 9/30/06
1995 Certificates of Obligation	5.0	11-15-1995	02-15-2007	\$ 320,000	\$ 20,000
1997 General Obligation Refunding ^(a)	4.65 to 5.15	11-15-1997	02-15-2018	6,720,000	3,700,000
1998 Certificates of Obligation	5.0	06-30-1998	02-15-2009	645,000	115,000
1999 General Obligation	4.15 to 5.0	04-15-1999	02-15-2019	5,625,000	5,330,000
2000 General Obligation	6.35 to 6.7	01-27-2000	02-15-2008	2,260,000	210,000
2001 General Obligation	4.25 to 6.25	02-15-2001	02-15-2021	1,865,000	1,720,000
2005 General Obligation Refunding	4.0 to 4.25	12-1-2005	02-15-2020	5,080,000	5,080,000
				<u>\$ 22,515,000</u>	<u>\$ 16,175,000</u>

Issue	Principal & Interest Requirements for 2006-07		
	Principal	Interest	Total
1995 Certificates of Obligation	\$ 20,000	\$ 500	\$ 20,500
1997 General Obligation Refunding ^(a)	395,000	173,169	568,169
1998 Certificates of Obligation	35,000	4,729	39,729
1999 General Obligation	310,000	233,928	543,928
2000 General Obligation	100,000	10,335	110,335
2001 General Obligation	80,000	80,210	160,210
2005 General Obligation Refunding	25,000	206,425	231,425
	<u>\$ 965,000</u>	<u>\$ 709,295</u>	<u>\$ 1,674,295</u>

^(a) Includes \$255,676 principal & interest to be paid by the Water/Wastewater Fund.

**2007-2021 GENERAL DEBT SERVICE FUND
PRINCIPAL AND INTEREST REQUIREMENTS**



*Includes principal & interest to be paid by the Water/Wastewater Fund.

Utility Fund

The Utility Fund is the fund used to account for water, wastewater, and garbage collection services for the residents of the City of Corinth and the billing and collection of the charges that customers pay for these services. Accrual based accounting is used for the Utility Fund; with depreciation and bad debt expenses not being included as budgeted expenditures. The City of Corinth's Utility Fund is designed to operate much like that of a private business, in that its operations are completely financed from user charges. Operations in this fund are not dependent on tax revenue like that of the General Fund and the fund provides an annual administrative allocation to the General Fund for all administrative duties performed by General Fund supported employees on behalf of the Utility Fund.



The determination of the revenues necessary to fund the various services for 2006-07 begins with the calculation of the total costs associated with providing each service. For the 2006-07 Adopted Budget the City, in partnership with Water Resources Management, L.P, has concluded a Utility Rate and Cost of Service Study to allow the Utility Fund to develop a rate structure that is sufficient to cover the total costs of providing services.

The total cost for Utility Fund services for 2006-07 is \$9,865,495. Of this amount, approximately 70% is contractual costs and included contracts for 1) the purchase of water for resale and City use from the Upper Trinity Regional Water District; 2) wastewater treatment from the City of Denton and the Upper Trinity Regional Water District; 3) and solid waste collection and disposal from Waste Management. The Utility Fund is also charged with maintaining City infrastructure critical to the delivery of utility service.



**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Resources & Expenditures
Utility Fund**

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE	2006-07 ADOPTED
RESOURCES				
Water Charges	3,829,639	3,505,490	4,059,045	4,693,715
Water Subtotal	3,829,639	3,505,490	4,059,045	4,693,715
Wastewater Disposal Charges	2,471,792	2,471,609	2,726,777	3,773,271
Industrial Sewer Pre-Treat	-	-	-	-
Wastewater Subtotal	2,471,792	2,471,609	2,726,777	3,773,271
Garbage Rev-Regular	674,599	695,224	701,575	708,590
Garbage Rev-Seniors	26,632	26,516	31,256	31,569
Garbage Tax Revenue	56,854	59,544	60,371	60,974
Garbage Billing Fees	15,793	17,094	17,823	-
Garbage Subtotal	773,878	798,378	811,024	801,133
CI Overtime Fees	3,488	5,000	2,335	3,488
CI Bond Inspection Revenue	-	-	906	-
Inspections Subtotal	3,488	5,000	3,241	3,488
Penalties & Late Charges	117,173	107,125	133,179	117,173
Tap Fees	194,910	180,000	118,713	194,910
Pro Rate	-	-	-	-
Service fees	21,040	20,170	16,600	21,040
CSI Fees	11,160	8,000	7,307	11,160
Reconnect Fees	63,153	62,720	47,100	63,153
Charges & Fees Subtotal	407,436	378,015	322,899	407,436
Interest Income	7,510	-	-	15,380
NSF Fees	6,513	5,260	6,187	6,514
CC Processing Fees	-	-	5,597	8,955
Repair Revenue	-	500	-	-
Street Light Revenue	-	-	-	-
Misc. Income	3,230	1,000	1,887	3,230
Gain on Sale of Fixed Assets	19,550	-	-	-
Other Revenue Subtotal	36,803	6,760	13,670	34,079
TOTAL REVENUES	7,523,036	7,165,252	7,936,655	9,713,122
Transfer from General Fund	564,320	20,000	20,000	152,373
Transfer from Impact Fees	913,106	-	-	-
Transfers In Subtotal	1,477,426	20,000	20,000	152,373
TOTAL RESOURCES	9,000,462	7,185,252	7,956,655	9,865,495

**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Resources & Expenditures
Utility Fund**

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE	2006-07 ADOPTED
EXPENDITURES				
Water Operations [1]	7,765,603	8,780,610	8,780,610	4,962,387
Water Billing [3]	-	261,853	262,142	136,910
Water Subtotal	<u>7,765,603</u>	<u>9,042,463</u>	<u>9,042,752</u>	<u>5,099,297</u>
Wastewater Operations [2]	-	-	-	3,809,360
Wastewater Billing [3]	-	-	-	131,541
Wastewater Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,940,900</u>
Garbage [2]	-	-	-	816,576
Garbage Billing [3]	-	-	-	8,721
Garbage Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>825,297</u>
TOTAL EXPENDITURES	<u>7,765,603</u>	<u>9,042,463</u>	<u>9,042,752</u>	<u>9,865,495</u>
Transfers Out	1,455,153	-	-	-
Transfers Out Subtotal	<u>1,455,153</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES & TRANSFERS	<u>9,220,756</u>	<u>9,042,463</u>	<u>9,042,752</u>	<u>9,865,495</u>
EXCESS/(DEFICIT)	<u>(220,294)</u>	<u>(1,857,211)</u>	<u>(1,086,097)</u>	<u>0</u>

[1] Water, Wastewater and Garbage were previously reported as one division of the Utility Fund

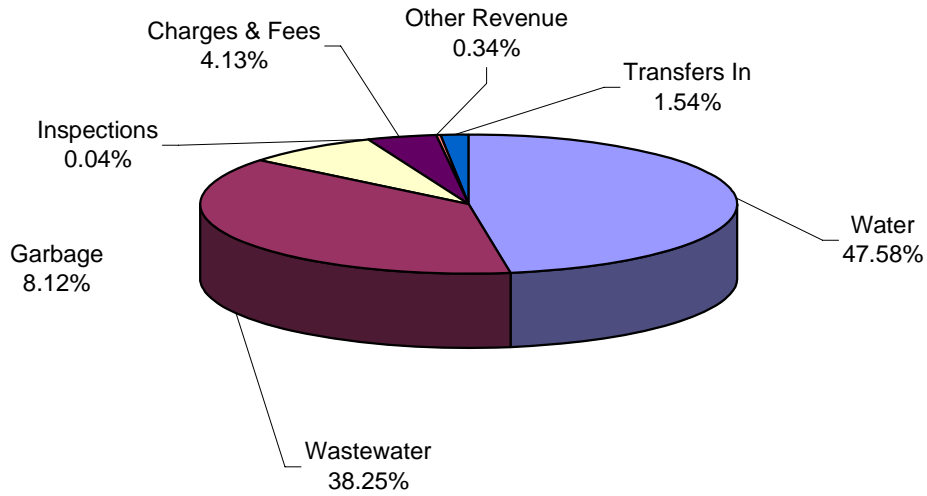
[2] Water, Wastewater, Garbage, and Billing are budgeted as separate divisions for Fiscal year 2006-07

[3] Utility Billing is reported as a separate division; each of the three operating divisions bears a portion of the total Utility Billing costs.

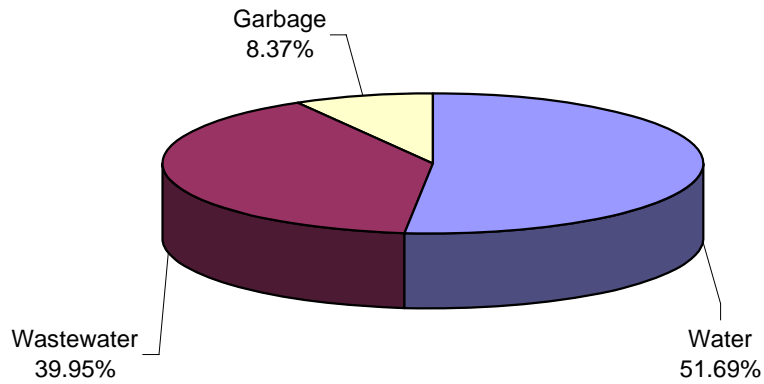
**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Utility Fund
Adopted Summary**

**RESOURCES
\$9,865,495**



**EXPENDITURES
\$9,865,495**



**Department - Public Works
Division - Water (201)**

**Fund 02
Utility Fund**

MISSION STATEMENT

The mission of the Water Utility Division is to provide potable water, at adequate pressure, and in sufficient quantity, to the citizens of Corinth.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Purchased one new vehicle within the Department to increase departmental efficiency.
- Recalibrated the Discharge Flow Meter at the Lake Sharon Pump Station

2006-07 GOALS & OBJECTIVES

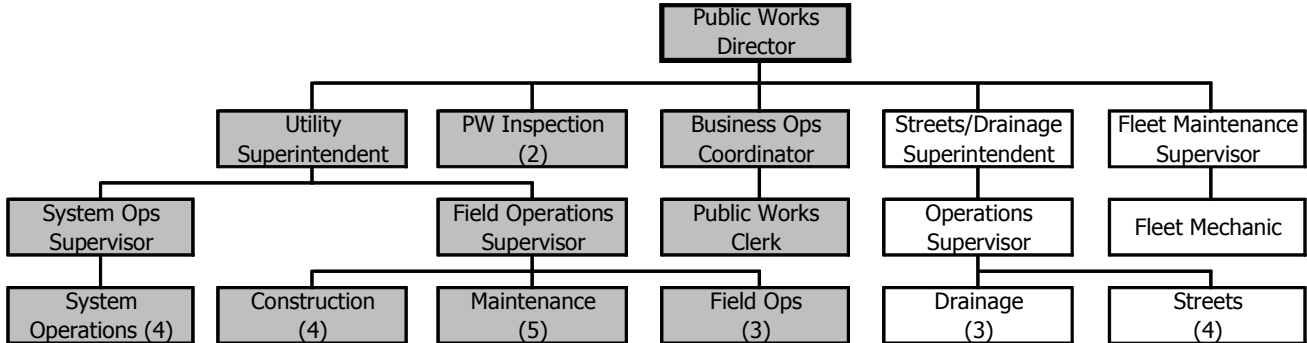
- Develop a customer satisfaction survey to improve customer service levels.
- Expand the City's SCADA system componenets for timely information and system control.
- Implement guidelines suggested by the Utility Rate and Cost of Service Study
- Sucessfully repaired 37 leaks as of June, 2006.
- Continue to review departmental operations and look for ways to reduce costs and improve departmental efficiency.

MAJOR BUDGET CHANGES

- The 2006-07 Adopted Budget reflects changes made to the Division's revenue and expenditure budgets as a result of the Utility Rate and Cost or Service Study completed in July, 2006.
- The Adopted Budget reflects the split of the Water/Wastewater Division into two separate divisions for 2006-07.
- The 2006-07 Adopted Budget reflects the transfer of one FTE from the Utility fund to the General Fund for the creation of an Information Services Technician in Division 115.

**Department - Public Works
Division - Water (201)**

**Fund 02
Utility Fund**



- FTE's split among Water Division and newly created Wastewater Division.

RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Water Charges	\$ 3,829,639	\$ 3,505,490	\$ 4,209,045	\$ 4,693,715
General Resources	3,935,964	5,275,120	4,571,565	268,672
	\$ 7,765,603	\$ 8,780,610	\$ 8,780,610	\$ 4,962,387

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Wages & Benefits	\$ 1,130,942	\$ 1,179,225	\$ 1,179,225	\$ 639,624
Supplies & Maintenance	282,841	374,862	374,862	205,311
Operations	5,644,055	6,190,301	6,190,301	3,431,744
Capital Outlay	707,765	1,036,222	1,036,222	685,708
	\$ 7,765,603	\$ 8,780,610	\$ 8,780,610	\$ 4,962,387

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Executive	0.6	0.6	0.6	0.7
Professional/Managerial	1	1	2	0.8
Technical/Paraprofessional	3	3	3	1.5
Office/Clerical	3	3	2	0.3
Service/Maintenance	16	16	16	8
Temporary/Seasonal	-	-	-	-
	23.6	23.6	23.6	11.3

* For the 2006-07 Adopted Budget, the Water/Sewer Division has been split into three separate divisions, Water (Div. 201), Wastewater (Div. 203), and Garbage (204)

**Department - Public Works
Division - Wastewater (203)**

**Fund 02
Utility Fund**

MISSION STATEMENT

The mission of the Wastewater Utility Division is to provide high quality wastewater solutions through the collection and transportation of wastewater to the City treatment facility in a safe and economical manner.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

- Purchased one new vehicle within the Department to increase departmental efficiency.
- Installed a new level transmitter on Lift Station 3A
- Conducted a Flow Monitoring study of the Westside Lift Station.
- Successfully repaired 21 sewer failures as of June, 2006.

2006-07 GOALS & OBJECTIVES

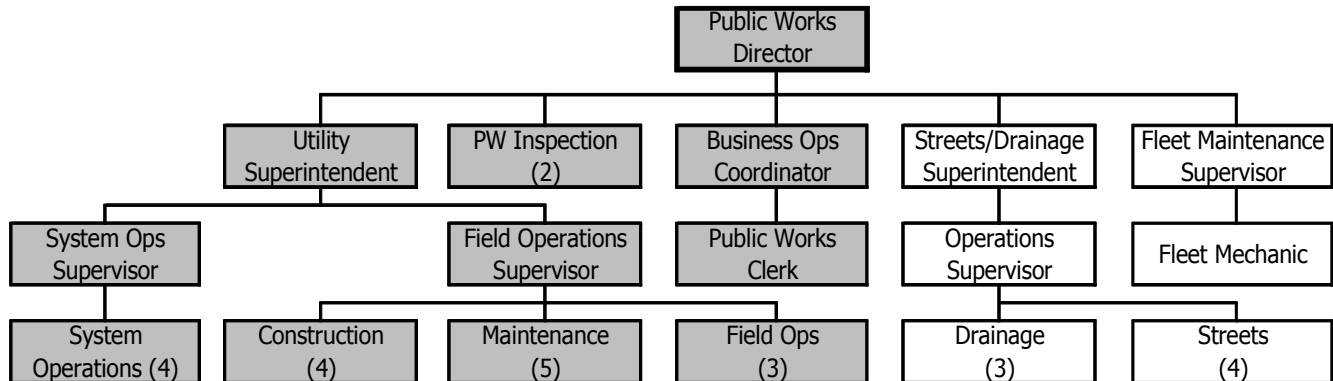
- Develop a customer satisfaction survey to improve customer service levels.
- Expand the City's SCADA system components for timely information and system control.
- Plan the installation of a wastewater metering station on Denton's Oakmont line.
- Implement guidelines suggested by the Utility Rate and Cost of Service Study
- Implement wastewater operations to comply with CMOM mandates.
- Continue to reduce infiltration in wastewater lines to further reduce the cost of treatment.

MAJOR BUDGET CHANGES

- For 2006-07, the Adopted Budget reflects the split of the Water/Wastewater Division into two separate divisions with the corresponding split of personnel and operating expenditures.

**Department - Public Works
Division - Wastewater (203)**

**Fund 02
Utility Fund**



- FTE's split among Water Division and newly created Wastewater Division.

RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Wastewater Charges	\$ -	\$ -	\$ -	\$ 3,773,271
General Resources	-	-	-	36,089
	\$ -	\$ -	\$ -	\$ 3,809,360

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Wages & Benefits	\$ -	\$ -	\$ -	\$ 590,423
Supplies & Maintenance	-	-	-	209,162
Operations	-	-	-	2,471,005
Capital Outlay	-	-	-	538,770
	\$ -	\$ -	\$ -	\$ 3,809,360

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Executive	-	-	-	0.3
Professional/Managerial	-	-	-	1.2
Technical/Paraprofessional	-	-	-	1.5
Office/Clerical	-	-	-	0.7
Service/Maintenance	-	-	-	8
Temporary/Seasonal	-	-	-	-
	0	0	0	11.7

* For the 2006-07 Adopted Budget, the Water/Sewer Division has been split into three separate divisions, Water (Div. 201), Wastewater (Div. 203), and Garbage (204).

**Department - Finance & Administrative Services
Division - Utility Billing (202)**

**Fund 02
Utility Fund**

MISSION STATEMENT

The Utility Billing Division exists solely for the purpose of providing the best possible customer service to the citizens of Corinth regarding their utility billing issues. The Department is committed to providing this service with honesty, integrity, compassion, fairness, and with a commitment to excellence while complying with City ordinances and policies.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

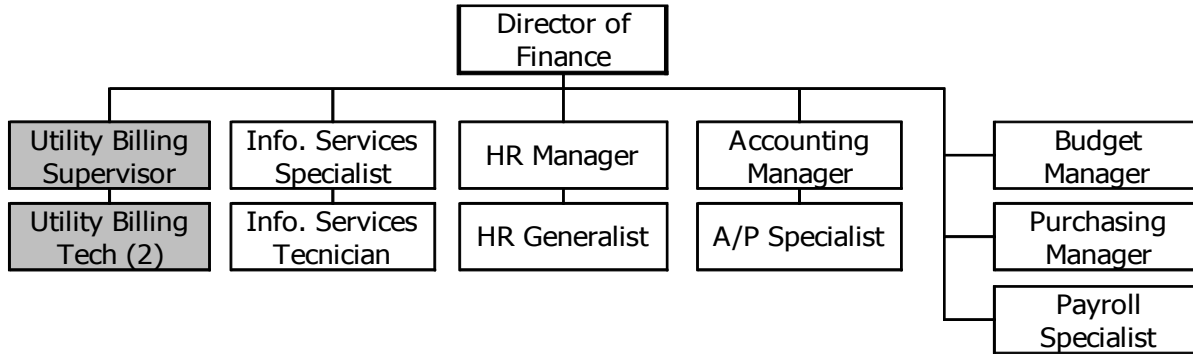
- Implemented an online payment system so customers can view account information and pay their utility bills over the web.
- Developed a credit card drafting service for customers to automatically have their bill paid each month.
- Created a system to accept work order requests over the internet, boosting departmental efficiency and customer convenience.

2006-07 GOALS & OBJECTIVES

- Establish a relationship with surrounding utilities to aid in the collection of bad debt from customers who have moved.
- Implementation of two monthly billing cycles to increase departmental efficiency.
- Develop the ability to email bills to customers with the implementation of version 5 of the City's Incode software system.

**Department - Finance & Administrative Services
Division - Utility Billing (202)**

**Fund 02
Utility Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
General Resources	\$ -	\$ 261,853	\$ 262,142	\$ 277,172
	\$ -	\$ 261,853	\$ 262,142	\$ 277,172

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	\$ -	\$ 164,025	\$ 164,025	\$ 174,429
Supplies & Maintenance	-	49,200	49,200	46,229
Operations	-	48,628	48,917	56,514
Capital Outlay	-	-	-	-
	\$ -	\$ 261,853	\$ 262,142	\$ 277,172

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	-	1	1	1
Technical/Paraprofessional	-	-	-	-
Office/Clerical	-	2	2	2
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	-	-
	0	3	3	3

**Department - Public Works
Division - Garbage (204)**

**Fund 02
Utility Fund**

* The City of Corinth contracts with Waste Management for garbage collection services, which is a pass-through cost billed by the City.

RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Professional Fees	\$ -	\$ -	\$ -	\$ 816,576
	\$ -	\$ -	\$ -	\$ 816,576

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Wages & Benefits	\$ -	\$ -	\$ -	\$ -
Supplies & Maintenance	-	-	-	-
Operations	-	-	-	816,576
Capital Outlay	-	-	-	-
	\$ -	\$ -	\$ -	\$ 816,576

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted*
Executive	-	-	-	-
Professional/Managerial	-	-	-	-
Technical/Paraprofessional	-	-	-	-
Office/Clerical	-	-	-	-
Service/Maintenance	-	-	-	-
Temporary/Seasonal	-	-	-	-
	0	0	0	0

* For the 2006-07 Adopted Budget, the Water/Sewer Division has been split into three separate divisions, Water (Div. 201), Wastewater (Div. 203), and Garbage (204).

Storm Drainage Utility Fund

The Storm Drainage Utility Fund was established by the City Council of the City of Corinth in accordance with Subchapter C of Chapter 402 of the Texas Local Government Code. The Storm Drainage Utility was established as a mechanism to protect the public health and safety from damage caused by surface water overflows, and surface water stagnation and pollution within the City. The enabling ordinance also provides for the assessment, levy, and collection of an equitable fee for funding the system. The Storm Drainage Utility Fund is designed as a 100% self supporting fund with revenue from user charges covering all associated operating costs.



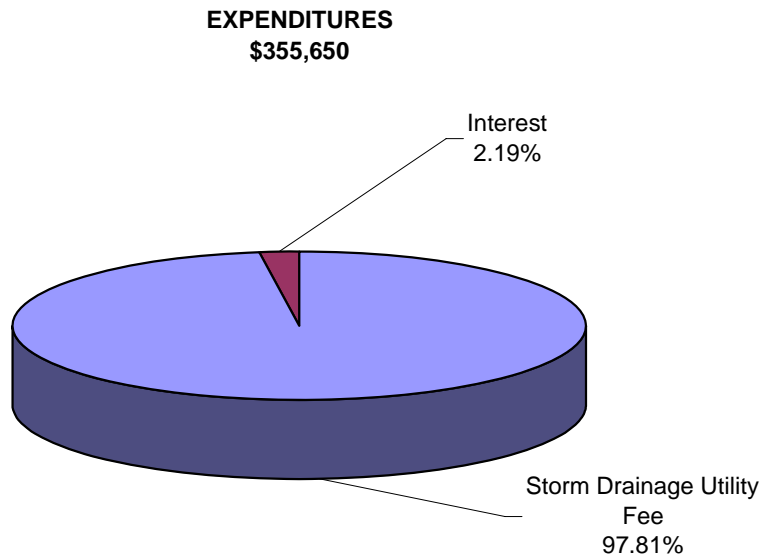
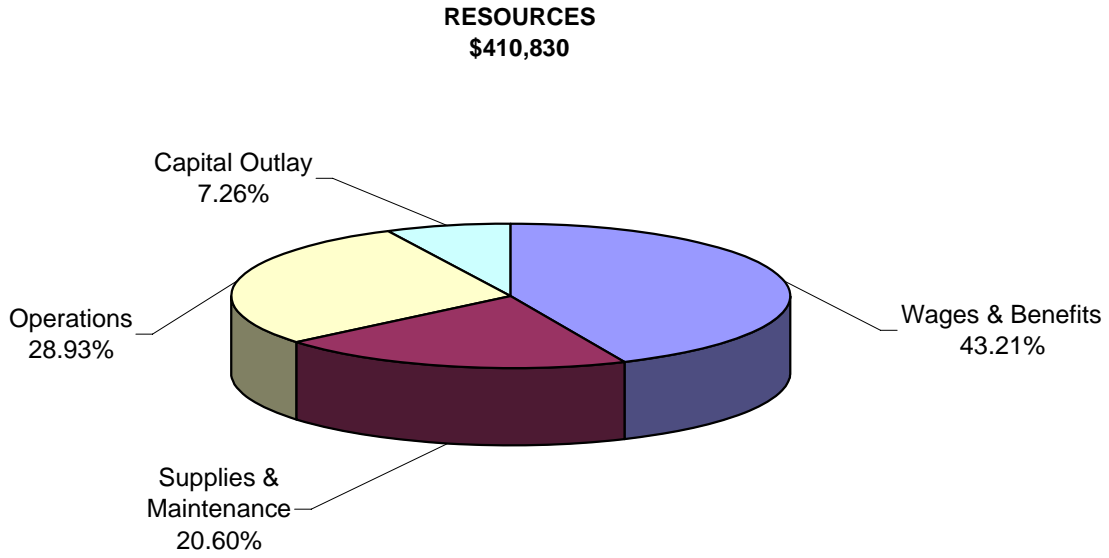
**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Resources & Expenditures
Storm Drainage Utility Fund**

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE*	2006-07 ADOPTED
RESOURCES				
Storm Drainage Utility Fee	295,598	293,230	352,139	401,830
Interest	-	-	8,800	9,000
Transfer In		2,500	2,500	-
TOTAL REVENUES	295,598	295,730	363,439	410,830
Use of Fund Balance	-	-	-	-
TOTAL RESOURCES	295,598	295,730	363,439	410,830
EXPENDITURES				
Wages & Benefits	58,098	135,559	132,940	145,063
Supplies & Maintenance	15,897	81,893	52,350	69,155
Operations	35,097	47,914	42,580	97,115
Capital Outlay	79,200	24,317	24,320	24,317
TOTAL EXPENDITURES	188,292	289,683	252,190	335,650
EXCESS OF TOTAL RESOURCES OVER (UNDER) TOTAL EXPENDITURES	107,306	6,047	111,249	75,180

* Estimates as of June, 2006

**Storm Drainage
Resources & Expenditures**



**Department - Public Works
Division - Drainage (461)**

**Fund 46
Storm Drainage Fund**

MISSION STATEMENT

The mission of the Drainage Division is to enhance the quality of life in the City through the proactive maintenance of the City's drainage system, with a continuing emphasis on customer service.

2005-06 HIGHLIGHTS & ACCOMPLISHMENTS

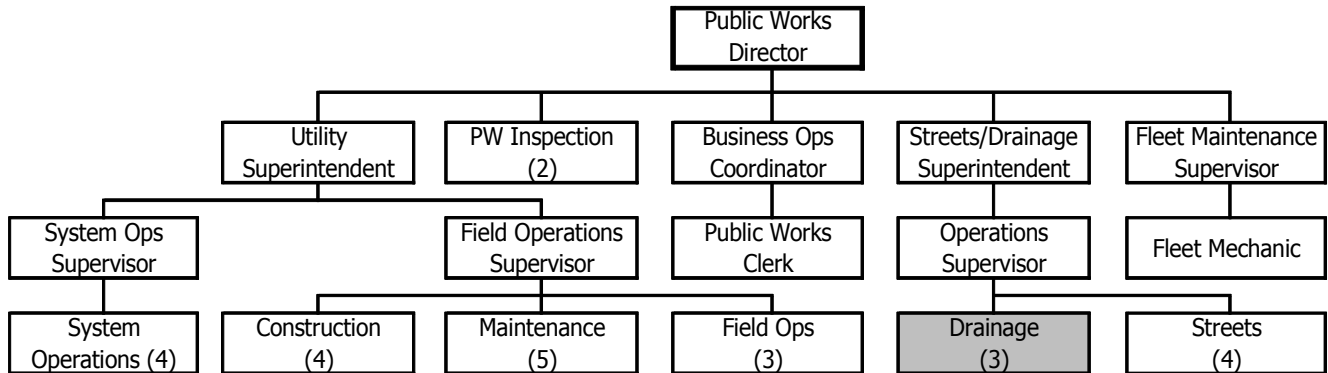
- Concluded storm drain channel repairs to three major ditch lines within the City and installed erosion control devices to prevent future damage.
- Received additional training to better equip employees with the skills needed to handle a variety of potential drainage issues.
- Successfully endured three major storms with no reported flooding, severe storm topping, or damage to property.
- Continued with the maintenance of all City owned drainage easements on a regularly scheduled basis.

2006-07 GOALS & OBJECTIVES

- Receive storm drainage locator and identifier maps from the City's engineering firm to begin a systematic inspection, cleaning, and logging of illegal dumping of materials or fluids within the City.
- Continue monitoring all drainage areas within the City for potential disease outbreaks such as the West Nile Virus.
- Identify and repair any new or potential drainage problems within the City.

**Department - Public Works
Division - Drainage (461)**

**Fund 46
Storm Drainage Fund**



RESOURCES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Storm Drainage Fees	\$ 295,598	\$ 295,730	\$ 363,439	\$ 410,830
	\$ 295,598	\$ 295,730	\$ 363,439	\$ 410,830

EXPENDITURES	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Wages & Benefits	58,098	135,559	132,940	145,063
Supplies & Maintenance	15,897	81,893	52,350	69,155
Operations	35,097	47,914	42,580	97,115
Capital Outlay	79,200	24,317	24,320	24,317
	\$ 188,292	\$ 289,683	\$ 252,190	\$ 335,650

STAFFING SUMMARY (FTE's)	2004-05 Actual	2005-06 Budget	2005-06 Estimate	2006-07 Adopted
Executive	-	-	-	-
Professional/Managerial	-	-	-	-
Technical/Paraprofessional	-	-	-	-
Office/Clerical	-	-	-	-
Service/Maintenance	3	3	3	3
Temporary/Seasonal	-	-	-	-
	3	3	3	3



Recreation Fund

The Recreation Fund was established by the Corinth City Council in 1990 as a separate fund to support recreation programs offered by the City's Parks and Recreation Division that were self supporting in nature and difficult to estimate in the General Fund. The fund is designed to be a self-supporting fund with revenues from class participation covering all associated fund expenses.

The Recreation Fund provides programs, classes, and events of specific recreational interest. Fees charged for these programs are designed to cover the cost of instruction, equipment, supplies, service costs, and administrative costs. Any remaining balance at the end of the fiscal year is reported in the unappropriated fund balance of the Recreation Fund.



**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

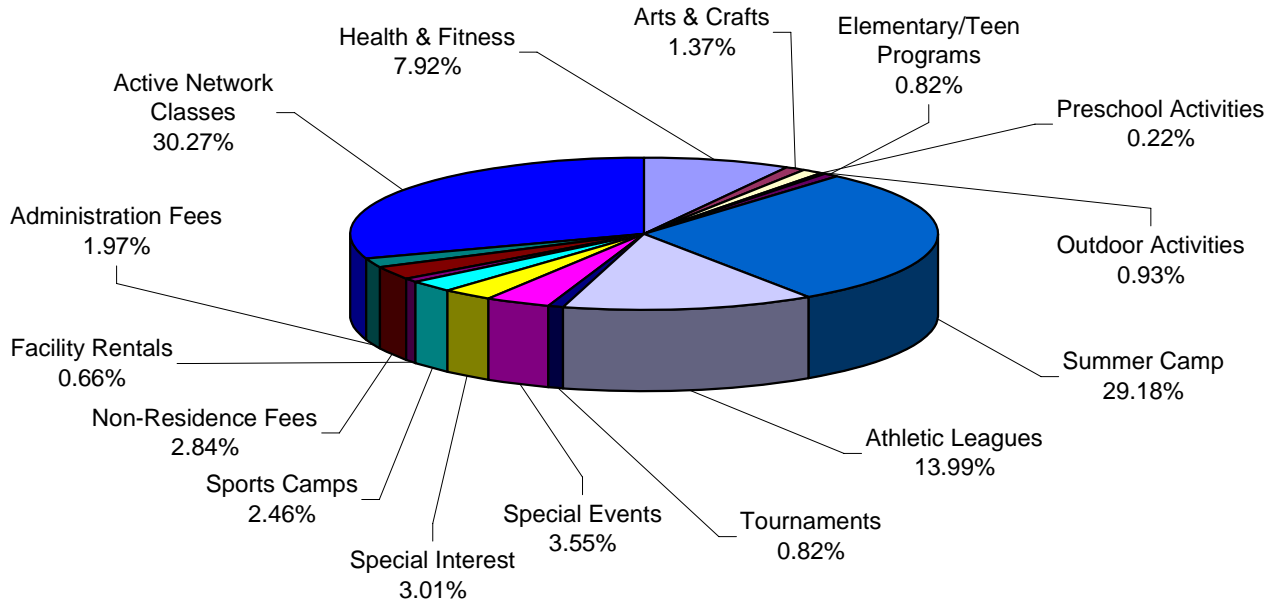
**Summary of Resources & Expenditures
Recreation Fund**

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE*	2006-07 ADOPTED
RESOURCES				
Health & Fitness	16,287	33,216	24,233	14,500
Arts & Crafts	7,613	4,000	3,593	2,500
Outdoor Activities	-	1,700	-	1,700
Preschool Activities	1,252	4,880	311	400
Elementary/Teen Programs	539	5,200	1,452	1,500
Fun Runs	1,040	1,600	-	-
Summer Camp	44,640	53,400	37,323	53,400
Athletic Leagues	25,018	25,600	37,086	25,600
Tournaments	-	2,500	-	1,500
Special Events	9,314	16,568	5,050	6,500
Special Interest	3,753	17,900	6,248	5,500
Sports Camps	6,487	7,000	4,402	4,500
Facility Rentals	1,627	1,200	4,357	1,200
Non-Residence Fees	5,174	4,500	9,152	5,200
Administration Fees	7,710	3,600	5,895	3,600
Active Network Classes	-	-	42,180	55,400
TOTAL REVENUES	130,454	182,864	181,282	183,000
Use of Fund Balance	-	-	-	-
TOTAL RESOURCES	130,454	182,864	181,282	183,000
EXPENDITURES				
Wages & Benefits	64,755	87,865	90,322	87,865
Supplies & Maintenance	23,398	37,592	32,982	36,787
Operations	40,854	55,543	57,400	55,503
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	129,007	181,000	180,704	180,155
EXCESS OF TOTAL RESOURCES OVER (UNDER) TOTAL EXPENDITURES	1,447	1,864	578	2,845

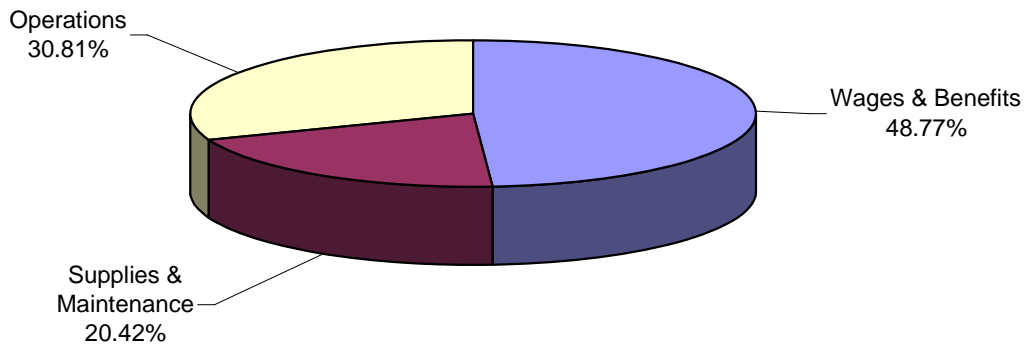
* Estimates as of June, 2006

**Resources & Expenditures
Recreation Fund**

**RESOURCES
\$183,000**



**EXPENDITURES
\$180,155**





Street Maintenance Sales Tax Fund

The Street Maintenance Sales Tax Fund began collecting sales tax revenue during fiscal 2004-05, and began operations in fiscal 2005-06. The fund receives its revenue from a portion of the City's sales and use tax levied on eligible good sold within the City of Corinth. The sales tax rate provided to the fund is .25%, with the total sales and use tax in Corinth being 8.25%. Revenue generated by this fund may only be used for street maintenance purposes within the City of Corinth.

Sales tax collections for fiscal 2006-07 are projected at \$236,000.



**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Summary of Resources & Expenditures
Street Maintenance Sales Tax**

	2004-05 ACTUAL	2005-06 BUDGET	2005-06 ESTIMATE*	2006-07 ADOPTED
RESOURCES				
Sales Tax	162,049	144,000	158,400	237,000
TOTAL REVENUES	162,049	144,000	158,400	237,000
Use of Fund Balance	-	-	-	-
TOTAL RESOURCES	162,049	144,000	158,400	237,000
EXPENDITURES				
Wages & Benefits	-	209,000	209,000	205,000
Supplies & Maintenance	-	-	-	-
Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	209,000	209,000	205,000
EXCESS / (DEFICIT)	162,049	(65,000)	(50,600)	32,000

* Estimates as of June, 2006

Capital Improvement Program

The 2006-11 Capital Improvement Program (CIP) represents the City's five-year plan for development. The Capital Improvement Program is reviewed each year to reflect changing priorities and to provide a framework for identifying capital requirements, the impact of capital projects on operating budgets, scheduling, and coordinating related projects.

The Capital Improvement Program has two primary components. First is the General Government CIP, which represents non-utility projects such as streets, parks, public safety, and general government facilities. Second is the Utility CIP, which represents projects that benefit the City's enterprise funds such as water and wastewater.

The Capital Improvement Program budget is prepared based on the following criteria:

1. Public safety, health, and life
2. Service demands
3. Legal requirements, liability and mandate
4. Quality and reliability of current service level
5. Economic growth and development
6. Recreational, cultural, and aesthetic value
7. Funding ability
8. Operating budgets

The Adopted 2006-11 Capital Improvement Program is summarized on the following page.

**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**ADOPTED CAPITAL IMPROVEMENT PROGRAM
2006-11**

General Government Improvements	2006-07	2007-08	2008-09	2009-10	2010-11
Capital Projects - TBD	1,000,000	750,000	750,000	500,000	500,000
TOTAL	1,000,000	750,000	750,000	500,000	500,000

Water System Improvements	2006-07	2007-08	2008-09	2009-10	2010-11
24" WL - Lake Sharon Dr.	2,880,606				
16" WL - Parkridge Dr.	556,957				
FM 2181 Water Line Relocation	2,787,001				
12" WL - IH35E South	257,600				
20" WL - East of IH35E at Dobbs Rd.		4,984,096			
12" WL - Parkridge Dr.			432,768		
Expansion of Lake Sharon Pump Station				4,725,000	
FM 2499 & Lake Sharon WL					1,575,000
TOTAL	6,482,164	4,984,096	432,768	4,725,000	1,575,000

Wastewater System Improvements	2006-07	2007-08	2008-09	2009-10	2010-11
Nissaon-Tristeel-Huffines 8" Main	414,536				
Lynchburg 16" Line	1,785,760				
Westside Lift Station Expansion	2,588,000				
FM 2181 Utility Relocations	1,684,734				
Lift Station & SS Improvements - East of New .3 MGD Lift Station		2,439,883			
Kensington Estates Lift Station Expension				577,500	
.3 MGD Lift Station - Southwest Corner					2,100,000
TOTAL	6,473,030	2,439,883	-	577,500	4,725,000

GRAND TOTAL	13,955,194	8,173,979	1,182,768	5,802,500	6,800,000
--------------------	-------------------	------------------	------------------	------------------	------------------

PROFILE OF CORINTH

The City of Corinth (population 18,000) is located north of Lake Lewisville and south of Denton in the dynamic North Texas corridor of I-35. It is a fast growing community with multiple opportunities and challenges, and encompasses eight square miles. Corinth represents a desirable blend of pleasant residential areas within easy access of quality commercial businesses and light industry, excellent educational institutions and medical facilities, airports, major professional sports events, shopping centers and a variety of outdoor recreational activities. Some characterize Corinth as a “City in the Country” with its hometown atmosphere and proximity to beautiful stables and ranches in the surrounding area.



Corinth was incorporated in 1960 with a landmass of two square miles and a population of slightly over 200. In 1970, the population had increased to only 461 and continued to lay dormant until 1990 when the population explosion began. Census figures for 1990 showed a population of 3,900. A subsequent analysis in February 2006 revealed a population well in excess of 18,000 making Corinth one of the fastest growing cities in Texas. Our families reside in 45 subdivisions with homes ranging in price from \$100,000 to more than \$1,000,000. Corinth’s land mass has grown to 7+ square miles.

Corinth offers an outstanding quality of life, with great educational and recreational amenities. There are nearly 180 acres of parkland currently set aside in Corinth as green space. Corinth is home to a 116-acre community park and sports complex located on the east side of I-35E, exit 460, on Corinth Parkway. The park boasts numerous baseball, softball, football, & soccer fields and a basketball court. Located within the park are a playscape, picnic gazebo, covered pavilions, walking trails, fishing piers, a fishing pond, as well as a wetlands/nature area.

Corinth is also home to ten (10) developed neighborhood parks and three (3) others awaiting development funds.

The City of Corinth is a Home Rule community that operates under the Council-Manager form of government. The Mayor is elected at-large. The five council members are elected at large by Place by a plurality of votes to two-year, staggered terms. The Mayor serves as the presiding officer of the Council and votes only in the case of ties.

**MISCELLANEOUS STATISTICAL DATA
SEPTEMBER 30, 2006**

General City Information:	
Form of Government	Council-Manager
Date of Incorporation	September 19, 1960
Adoption of amended City Charter	May 6, 1999
Number of Employees (excluding fire and police)	86.5
Area in Square Miles	7.80
Population (NCTCOG estimate)	18,550

Recreation:	
Number of Parks	14
Number of Recreation Centers	2
Park Acreage	182.31
Sports Fields	13
Trails (miles)	12

Fire Protection:	
Number of Stations	2
Number of Certified Firefighters	29

Police Protection:	
Number of Stations	2
Number of Police Personnel and Officers	30

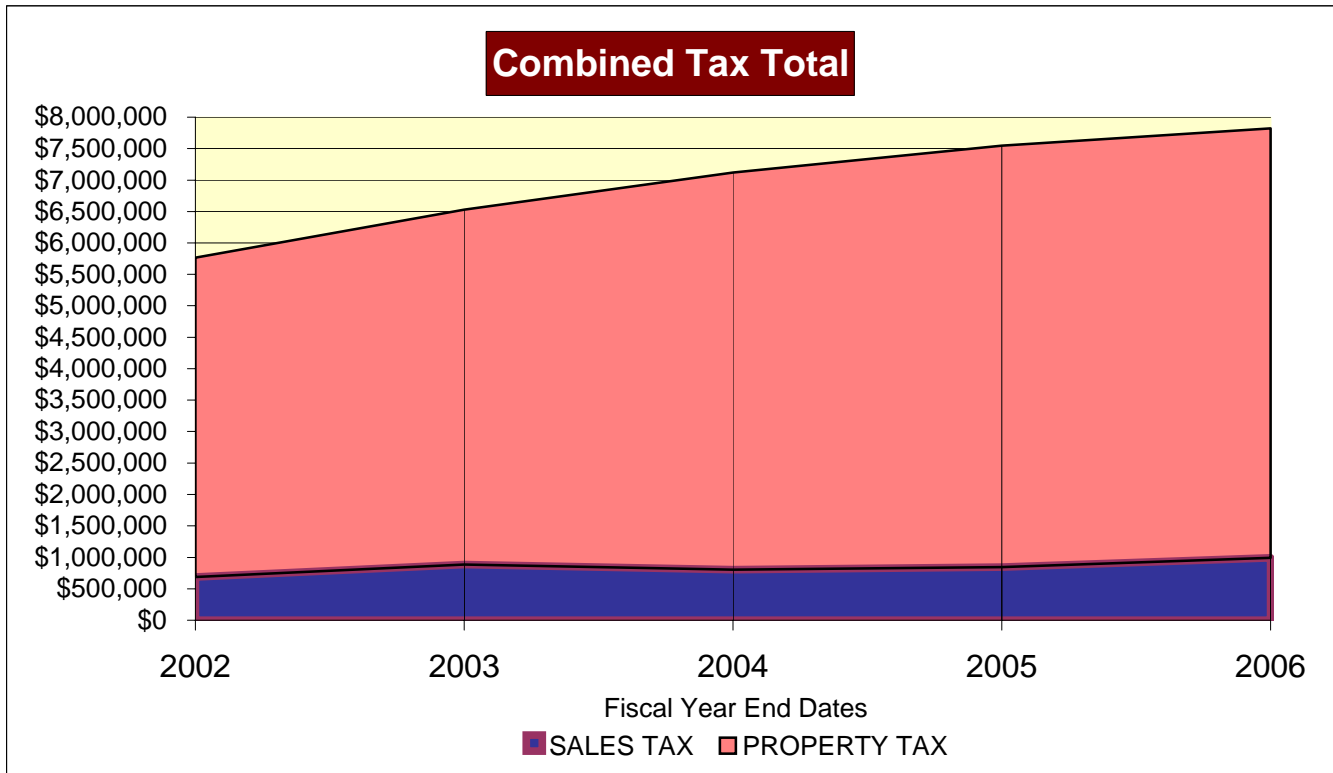
Municipal Water Department:	
Number of Customers	6,573
Average Monthly Residential Consumption	6,600 gallons
Miles of water mains	103 miles

Municipal Wastewater Department:	
Number of Customers	6,316
Miles of Wastewater Main	95 miles

**COMBINED SALES AND PROPERTY TAX
FIVE YEAR HISTORY**

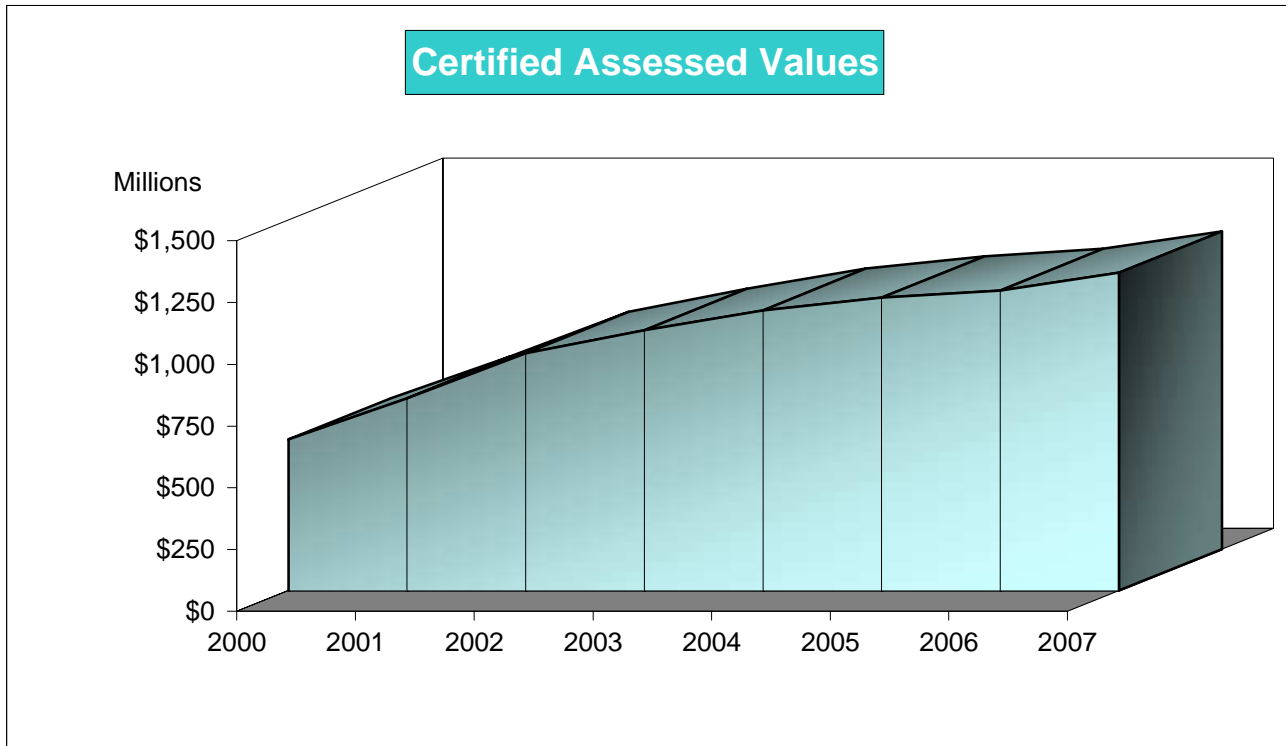
Fiscal Year Ended	SALES TAX		PROPERTY TAX			COMBINED
	Tax	City Rate	Ending Value*	Rate	Levy	TAX TOTAL
2002	\$684,512	1.00%	\$966,067,978	0.52600	\$5,081,518	\$5,766,030
2003	\$885,294	1.00%	\$1,072,292,044	0.52600	\$5,640,256	\$6,525,550
2004	\$804,277	1.00%	\$1,148,698,875	0.54975	\$6,314,972	\$7,119,249
2005	\$842,730	1.00%	\$1,196,002,733	0.56062	\$6,705,031	\$7,547,761
2006	\$994,011	1.00%	\$1,225,552,891	0.55698	\$6,826,084	\$7,820,095

* Ending value's include all supplements through the end of the fiscal year.



**CERTIFIED PROPERTY VALUE
EIGHT YEAR HISTORY**

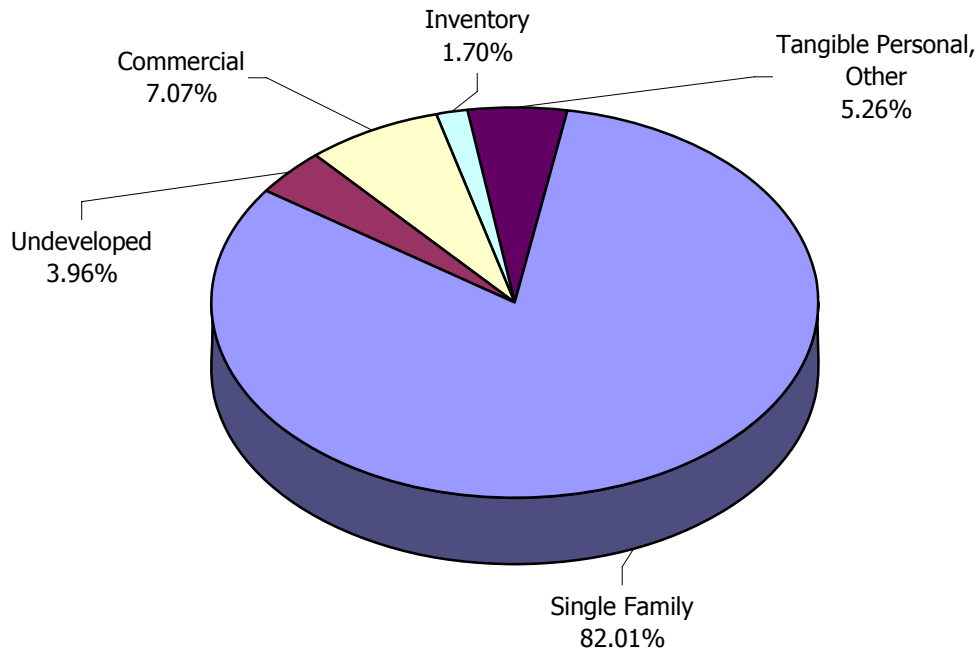
Fiscal Year	Certified Assessed Value	Tax Rate	Inc (Dec) in Value*	Percent of Levy Collected
2000	\$611,903,250	0.52600	41.84%	99.02%
2001	\$778,175,438	0.52600	27.17%	98.71%
2002	\$961,312,925	0.52600	23.53%	97.39%
2003	\$1,053,743,410	0.52600	9.62%	98.91%
2004	\$1,134,942,610	0.54975	7.71%	98.79%
2005	\$1,186,228,350	0.56062	4.52%	99.05%
2006	\$1,215,046,284	0.55698	2.43%	99.17%
2007	\$1,287,406,176	0.55698	5.96%	N/A



**CERTIFIED TAXABLE ASSESSED VALUES
BY CLASS OF PROPERTY**

CLASS OF PROPERTY	NET TAXABLE VALUES	PERCENT
Single Family	\$1,055,809,129	82.01%
Undeveloped	\$51,000,333	3.96%
Commercial	\$90,957,345	7.07%
Inventory	\$21,897,050	1.70%
Tangible Personal, Other	\$67,742,319	5.26%
Total	\$1,287,406,176	100.00%

2006-2007 Certified Assessed Values



**CITY OF CORINTH, TEXAS
ANNUAL PROGRAM OF SERVICES**

**Top Taxpayers
FY 2006-07**

<u>Taxpayer Name</u>	<u>Total Market Value*</u>	<u>Total Assessed Value*</u>
TXU Electric Delivery Co	\$ 13,954,760	\$ 13,954,760
Denton County Electric Coop	11,094,119	11,094,119
Utter Properties LLC	10,603,223	10,603,223
Upsilon Corp	8,118,741	8,118,741
Boeing Defense & Space-Corinth Company	7,685,799	7,685,799
Kensington Square LP PS	6,365,745	6,365,745
Albertson's Inc	5,842,867	5,842,867
Hughes Supply Inc	4,860,649	4,860,649
CMC Land Inc	4,661,519	4,661,519
Labinal-Corinth, Inc.	12,199,816	4,321,816
Tower Ridge Corinth I, LTD	4,253,747	4,253,747
Pinnell Square LP	3,870,727	3,870,727
McClain, Larry	3,407,955	3,407,955
Corinth Autumn Oaks LP	3,261,807	3,261,807
CenturyTel of Lake Dallas Inc	3,065,220	3,065,220
Denton Harley-Davidson LP	3,059,386	3,059,386
Oakmont Management Corporation	3,058,253	3,058,253
WP Corith Holdings LLC Etal	3,041,920	3,041,920
RS/CS Realty LTD	2,941,974	2,941,974

*Values as of July 22, 2006

**Property Tax Comparison
FY 2006-07**

<u>Entity</u>	<u>Tax Rate</u>	<u>Avg Home Value</u>	<u>Certified Value</u>
Denton County	0.23192	\$ 182,847	\$ 43,348,577,811
City of Corinth	0.55698	172,374	1,287,406,176
Denton ISD	1.76400	147,543	7,234,248,721
Lake Dallas ISD	1.79000	143,295	1,088,702,614