



City of Corinth, Texas



Comprehensive Annual Financial Report
For Fiscal Year Ended
September 30, 2018

CITY OF CORINTH, TX

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended September 30, 2018



Bob Hart
City Manager

Department of
Finance & Administrative Services

Lee Ann Bunselmeyer
Director of Finance, Communication & Strategic Services

Becky Buck, CPA
Comptroller

CITY OF CORINTH, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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INTRODUCTORY SECTION



March 21, 2019

Honorable Mayor,
Members of the City Council
and Citizens
City of Corinth, Texas

The City Manager and the Finance Division of the City of Corinth are pleased to submit the Comprehensive Annual Financial Report of the City of Corinth for the fiscal year ended September 30, 2018. The purpose of this report is to provide the council, staff, the citizens of Corinth and other interested parties with detailed information reflecting the City's financial condition.

This report satisfies §103.001 of the Texas Local Government Code and was conducted in accordance with Section 9.12 of the City Charter. The Comprehensive Annual Financial Report (CAFR) consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The CAFR is organized into three sections: *Introductory*, *Financial* and *Statistical*. The *Introductory* section includes this transmittal letter, the City's organization chart, and a list of principal officials. The *Financial* section includes the auditors' report, Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information, combining and individual fund financial statements and other supplemental information. The *Statistical* section includes selected financial and demographic information, generally presented on a multi-year basis. The information is presented in table format to assist the reader with a comparative analysis.

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Corinth's MD&A can be found immediately following the report of the independent auditors.

INDEPENDENT AUDIT

The City of Corinth's financial statements have been audited by Eide Bailly, LLP (formerly Davis Kinard & Co, PC), a firm of licensed certified public accountants. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City of Corinth, for the fiscal year ended September 30, 2018, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Corinth's financial statements for the fiscal year ending September 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component in the financial section of this annual report.

PROFILE OF THE GOVERNMENT

The City of Corinth, which was incorporated in September 19, 1960, is located in the north central portion of Texas. This area of the state has proven to be one of the top growth areas in Texas and the United States. The City currently occupies a land area of 7.8 square miles. The City is empowered to levy a property tax on real property and certain personal property located within its boundaries. Corinth has operated under the council-manager form of government since May 6, 1999. This has become a popular form of government throughout the State of Texas. Policy-making and legislative authority are vested in the City Council consisting of the mayor and five other members. The City Council's primary responsibilities include passing ordinances, adopting the budget, appointing boards and committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the government, and for appointing the heads of the various City departments. The City Council is elected on a non-partisan, at-large basis. Council members serve two-year staggered terms, with three members elected on one of the two-year rotations, and the Mayor and two remaining members elected on the other two-year rotation.

The City of Corinth provides a full range of municipal services including general government, public safety (police, animal control, fire, and EMS), streets, parks and recreation, planning and zoning, code enforcement, and water/wastewater and drainage utilities. Water/wastewater and drainage services are provided through the public works department, which functions, in essence, as a department of the City and, therefore, has been included as an integral part of the City's financial statements.

The City is focused on regional delivery of services by providing fire and EMS services to the Cities of Lake Dallas, Hickory Creek, and Shady Shores; and police services to the City of Shady Shores. Corinth contracts with Lake Dallas to receive animal shelter services. Jail services and public safety dispatch services are provided by Denton County through an interlocal contract. The City also contracts with the City of Flower Mound for holding cell access related to class c misdemeanors.

LOCAL ECONOMY

Corinth's location, straddling the I35E corridor in Denton County, is ideal for both businesses and residents many of whom commute north to Denton or south to Lewisville or Dallas. Corinth maintains a small-town feel while having the advantages of nearby metro areas.

The city's estimated population for 2018 is 21,320. This estimate is based on current trends from the Corinth Economic Development Department.

The City of Corinth, as well as, the State of Texas, experienced economic growth compared to prior years. The overall Texas economy is still considered healthier than most of the country. Figures from the Texas Workforce Commission indicate a local unemployment rate (Denton County) of 2.9%. For the same period, Dallas County's unemployment rate was 3.4%, the overall state of Texas rate was 3.7% and the nation's rate, as a whole, was 3.7%.

Corinth continues to rely heavily on property tax to support its continuing operations, with the City being approximately 85% residential. Certified property values increased 10.58% for the 2018 tax year over the 2017 certified value.

Sales Tax Revenue, the second largest revenue source for the City's General Fund, increased by \$67,378 or 5% over the prior year's receipts. For fiscal year 2018-19, sales tax revenue is projected to increase to \$1.6 million. Primarily a residential community, Corinth relies on sales tax paid on utilities. All sales tax collections are reported by the Texas Comptroller of Public Accounts. The City is continuing to work to increase its sales tax base with the Corinth Economic Development Corporation, which receives the proceeds from a ½ cent sales tax enacted in 2003. Corinth is currently focused on encouraging commercial development and providing the infrastructure required to support it. With the Interstate 35 expansion and growth in the DFW area, Corinth continues to draw interest from apartment, restaurant and commercial developers.

MAJOR INITIATIVES

In April 2018, the City completed renovations to the new Public Safety Complex. Sitting on approximately 6.08 acres, the 32,000 square foot building was renovated into a Joint Public Safety Center for the Lake Cities Fire Administration and the Corinth Police Department. The site also includes the addition of an 11,820 square foot fire station. The Fire Department currently operates out of two fire stations that serves the communities of Corinth, Lake Dallas, Hickory Creek and Shady Shores. The new facilities are poised to meet the fire, rescue, emergency medical, and police services of our growing community.

The City received notification in September 2018 of its approval of nine (9) firefighters through the Staffing for Adequate Fire and Emergency Response Grants (SAFER). The SAFER grant provides funding for the nine positions for three years. The grant firefighter positions along with the reallocation of staffing from the other two stations will provide adequate staffing to open Fire House #3 in February 2019.

The City is seeking legislation to permit Corinth to seek voter approval to partially fund the Fire Service through sales tax. Should the proposed legislation pass and be signed by the governor, the earliest election date would be November 2019 for voters to consider such a district to assist in funding fire operations. Existing sales tax authorizations for Crime Control & Prevention District, Economic Development Corporation and Street Maintenance would need to be partially reduced or eliminated to maintain the local sales tax ceiling of 2% as provided by state statutes.

The City developed a comprehensive strategic plan, "Embracing the Future, Corinth 2030" in 2018. The Strategic Plan is an all-encompassing systematic approach that permits the current future Councils the ability to best allocate the resources entrusted by the citizens. The plan is set to guide the City in determining where to focus the efforts of the City and form the basis of the annual budgeting process. Additionally, the plan provides the ability to prioritize the actions that have to be taken in order to meet the overall goals that the City needs to fulfill in order to generate the results that the Citizens of Corinth expect and deserve.

In March 2018, the Council approved plans for renovation of the 4,300 square foot Public Works building to include a new roof, HVAC upgrades, flooring, ceilings, fixtures, elevation for exterior of the building, secondary exit for the second floor of the building, and renovation of the existing floorplans to better serve staffing needs. The project also includes the addition of an 1,800 square-foot storage facility for vehicles and equipment, and site improvements consisting of drainage and paving for the Fire Department's training facility adjacent to the Public Works Building. The total cost of project is estimated to be \$1,395,000 and will be funded from Certificates of Obligation issued in August 2017.

The City worked with the North Texas Council of Governments (NCTCOG) to conduct a flood plain survey along Lynchburg Creek. The study results are currently under review by FEMA. In the FY 2018-19 annual program of services, the City has reserved funds for a FEMA grant match to further provide flood mitigation to the properties along Lynchburg Creek.

Corinth received a 3-Star community rating in the STAR Communities Leadership Program. The STAR Community Rating System (STAR) is the nation's leading comprehensive framework and certification program

for evaluating local sustainability, encompassing economic, environmental, and social performance measures. This effort will assist the City in our effort to create a community strategic plan.

Corinth also became a LEED Certified City. LEED for Cities is a program from the U.S. Green Building Council (USGBC) that advances healthy, green and economically strong cities and communities. Corinth is one of the 75 STAR certified cities and counties that has now joined the family of LEED for Cities and Communities.

The City was one of thirteen cities recognized as a 2018 Certified Scenic City award recipient through the Scenic City Certification Program. The certification program recognizes cities for their demonstrated commitment to high-quality scenic standards for public roadways and public spaces. Corinth upgraded the existing certification status from bronze in 2014 to Silver in 2018.

The City was designated “SolSmart Gold” from the national SolSmart program for making it faster, easier, and more affordable for homes and businesses to go solar. The designation recognizes Corinth for taking bold steps to encourage solar energy growth and remove obstacles to solar development. For companies looking to expand, a SolSmart Gold designation is a signal that Corinth is “open for solar business”.

Corinth also participated in the pre-beta review of the Climate Ready Communities program through the Geos Institute. As the intensity and frequency of hurricanes, floods, droughts, wildfires, heat waves, and other climate-driven disturbances increase, local leaders around the country are realizing they need to build resilience to protect their communities. But many community leaders do not know where to start and they do not have funding to hire a high-priced consultant. The pre-beta review helps local leaders build and integrate climate resilience in their communities into community planning processes.

The Public Works Department was awarded the prestigious American Public Works Association (APWA) Accreditation designation. The APWA Accreditation program recognizes public works agencies that go beyond the requirements of the management practices established nationally in the public works industry, as contained in the APWA Public Works Management Practices Manual. The City of Corinth Public Works Department became the 144th agency in North America to be awarded Accreditation and the 11th agency in the State of Texas.

Within the utility operations, the City adjusted utility rates to recover 60% of fixed costs in the base rate. Work continues with the installation of an AMI metering system. This will assist the City in our efforts to incorporate conservation strategies to reduce peak summer demand. The City also launched a Water Conservation Incentive Program to encourage residents to purchase water-saving household devices. Preliminary engineering design has begun for the construction of an elevated water storage facility, anticipated in 2019-20.

Infrastructure is inextricably linked to the economic, social and environmental advancement of a community. In 2018, Corinth developed an Asset Management Plan (AMP) of the following asset classes: road system, bridges & culverts, buildings, storm water system, water system, wastewater system, machinery & equipment and vehicles. The asset classes analyzed in the plan had a valuation of over \$618 million, of which the water system comprised of 35%. Strategic asset management is critical in extracting the highest total value from public assets at the lowest lifecycle cost. The AMP created a detail plan of the state of infrastructure and provided asset management and financial strategies designed to develop an advanced asset management program and mitigate long-term funding gaps.

Transportation projects that support a high quality of life for our community while protecting and enhancing our local environments continue to be a priority. Construction of Lake Sharon Boulevard extension to FM2499 is underway. Under preliminary planning for the Lake Sharon Boulevard/Dobbs Road alignment. Both projects are essential for long-term economic development efforts.

LONG TERM FINANCIAL PLAN

The FY 2017-18 budget was developed in context of long-term financial plans. The plans anticipate funding needs and available revenues and forecast methods for matching future revenue and expenses. Plans have

been developed for all the City's major operating funds. Each plan presents the fund over seven fiscal years: two previous years, the adopted "base year" budget and four projected years. There are several benefits to these plans. First, the plans give future Councils a valuable perspective when considering budgets within each plan's five-year horizon. Second, the plans impart a measure of discipline on staff. The General fund long-term plan assumes that for fiscal years 2018-2022 the City's property tax, sales tax, and all other revenues during the planning horizon will remain constant with conservative growth from 0% - 3%.

The City of Corinth continues its focus on maintaining or increasing reserve balances for emergencies to provide stability and flexibility for the organization. The reserve requirement was established at a level of 20% of budgeted expenditures for the General Fund and 25% of budgeted expenditures for both the Water/Wastewater and the Storm Drainage Fund. For fiscal year ended September 30, 2018 the General Fund's unassigned fund balance is \$5,184,229, or 31% of annual budgeted expenditures. The unrestricted fund balance for the Water/Wastewater Fund is \$4,336,837 or 35% of annual budgeted expenditures and the unrestricted fund balance for the Storm Drainage Fund is \$722,993 or 100% of budgeted expenditures for the fiscal year ended September 30, 2018.

As a result of the recent national economic recession, bond rating agencies have increased their scrutiny on the financial stability of local governments. In June 2017, Standard & Poor's Rating Services affirmed its "AA" rating on the City's general obligation debt. The rating agency attributed their opinion to various factors surrounding the city's financial stability, growth and financial policies and practices.

BUDGETARY CONTROLS

The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by State law, City Charter, and Council Ordinances. All departments of the City of Corinth are required to submit requests for appropriation to the City Manager based on a budget calendar issued annually. The City Manager uses these requests as the starting point for developing the proposed budget. The proposed budget is then presented to the City Council for review prior to approval and adoption. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, department (i.e., Public Works) and division (i.e., Parks & Recreation). Department Directors may make transfers of appropriations between divisions within a department. All transfers of appropriations between departments require the approval of the City Manager. Any changes to appropriations or transfers between funds require City Council approval. Budgetary comparison schedules are provided in this report in the required supplemental information subsection for the General Fund, and in the supplemental information subsection for other funds with legally adopted annual budgets.

CASH MANAGEMENT POLICIES AND PRACTICES

Funds of the City are invested in accordance with all applicable Texas statutes, the City's Investment Policy and any other approved, written administrative procedures. The five objectives of the City's investment activities, in order of priority, are as follows: Safety – Preservation and Safety of Principal, Liquidity, Diversification, Market Rate-of-Return (Yield) and Public Trust.

The Investment Policy is updated, reviewed and approved annually. The purpose of the Investment Policy is to set forth specific investment strategy guidelines for the City, in order to safeguard assets with a minimal amount of risk, while maintaining the necessary level of liquidity and maximizing the yield on investments. Accordingly, all of the City's deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) or are collateralized by governmental securities. The maturities of the investments range from 30 days to 36 months, with an average maturity of approximately 183 days. On September 30, 2018, the annualized yield on investments was 1.38%, compared to 1.07% for the same period in 2017. Funds available for investment at September 30, 2018 were \$23.3 million, which is a decrease of \$4.9 million from 2017. The net decrease in portfolio balance is primarily due to the capital expenditures for the new Public Safety Facility, Fire House #3, and the Lake Sharon Road extension project.

AWARDS AND ACKNOWLEDGEMENTS

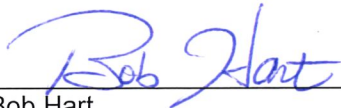
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Corinth for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. This was the ninth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2017. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories; including serving as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance department. We would like to express our appreciation for the assistance provided by our auditors, Eide Bailly, LLP (formerly Davis Kinard & Co, PC). Credit must also be given to the Mayor and City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Corinth and its finances.

Respectfully Submitted,



Bob Hart
City Manager



Lee Ann Bunselmeyer
Director of Finance, Communication & Strategic
Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Corinth
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

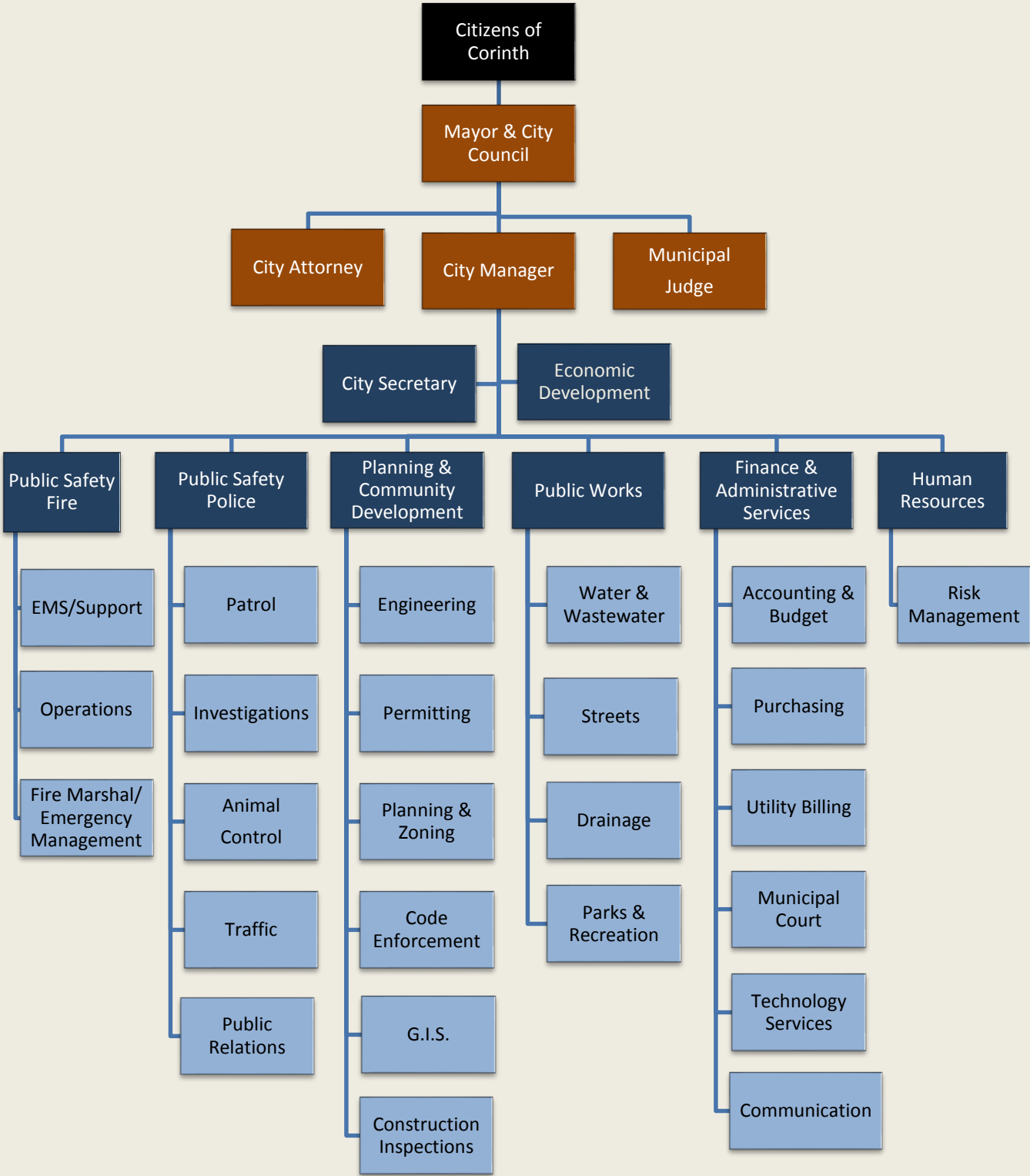
September 30, 2017

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART

As of October 1, 2017



**City of Corinth, Texas
Elected and Appointed Officials**

Elected Officials:

Bill Heidemann
Mayor

Sam Burke
Mayor Pro Tem, Place I

Scott Garber
Council Place II

Lowell Johnson
Council Place III

Tina Henderson
Council Place IV

Don Glockel
Council Place V

Appointed Officials:

Bob Hart, City Manager

Kim Pence, City Secretary

Jason Alexander, Director of Economic Development

Mike Alexander, Interim Chief of Police

Lee Ann Bunselmeyer, Director of Finance, Communication and Strategic
Services

Cody Collier, Director of Public Works, Parks and Recreation, and Utility
Operations

Helen-Eve Liebman, Director of Planning and Development Services

Michael Ross, Fire Chief

Guadalupe Ruiz, Director of Human Resources

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FINANCIAL SECTION



Independent Auditor's Report

To the Mayor and
Members of the City Council
City of Corinth, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Corinth, Texas (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Corinth, Texas as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 4 and 11 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of October 1, 2017. Our opinions are not modified with respect to this matter.

Restatement of Prior Period Financial Statements

As discussed in Note 11 to the financial statements, certain errors in the 2017 financial statements related to allocation of net pension liability amounts to the discretely presented component unit and recognition of fire service revenues were noted during the current year. Accordingly, amounts reported for beginning net position and fund balance have been restated in the 2018 financial statements to correct those errors. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
March 6, 2019

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**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

As management of the City of Corinth, (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. The Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the City's financial activity, to identify changes in the City's financial position and to identify any material deviations from the financial plan. We encourage readers to consider the information presented here in conjunction with the accompanying Letter of Transmittal and the basic financial statements.

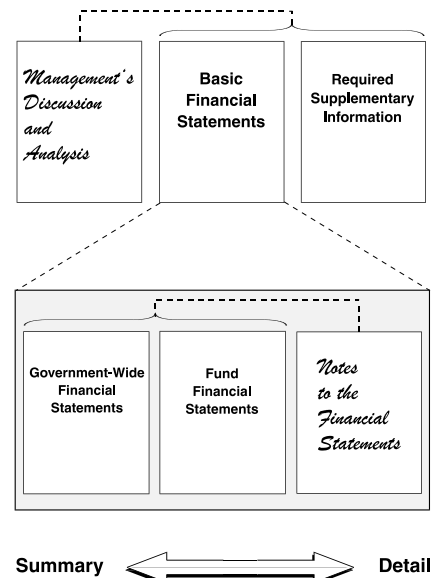
FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$70,716,331.
- Total net position increased \$1,831,565 from the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,077,113, a decrease of \$8,088,633 in comparison with the prior year. This net decrease is due to the construction of capital projects. Of the combined ending balances, \$4,794,930 or 34% is available for spending within the City's guidelines (*unassigned fund balance*).
- The City's unassigned fund balance for the general fund was \$5,184,229 or 31% of total general fund expenditures.
- Long term liabilities decreased to \$43,250,588 during fiscal year 2018. The decrease reflects the principal portion of debt payments.

Management's discussion and analysis is intended to serve as an introduction to the City of Corinth's basic financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The basic financial statements include two types of statements that present different views of the City:

Required Components of the City's Annual Financial Report



- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City reporting operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general governmental* services were financed in the *short term*, as well as, what remains for future spending.
- *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates *like a business*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others to whom the resources in question belong.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Figure 1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements.

Government-wide financial statements. The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The *statement of net position* presents information on all of the City of Corinth's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Corinth is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include public safety, fire services, community services, planning and community development, public works, city administration, finance and administrative services and debt service. The business-type activities are the water and wastewater utility fund, which includes contracted garbage collection services, and the storm water utility fund.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate

Economic Development Corporation as a component unit for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Figure 1. Major Feature of the City's Government-wide and Fund Financial Statements

| Type of Statements | Government-wide | Fund Statements | | |
|--|--|--|--|---|
| | | Governmental | Proprietary Funds | Fiduciary Funds |
| Scope | Entire City's government (except fiduciary funds) and the City's component units | The activities of the City that are not proprietary or fiduciary | Activities the City operates similar to private businesses or self insurance funds | Instances in which the City is the trustee or agent for someone else's resources |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balance | <ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenditures & changes in fund net position • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, short-term and long-term | All assets and liabilities, both financial and capital, short-term and long-term; may contain capital assets |
| Type of inflow/outflow information | All revenue and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter. | All revenue and expenses during year, regardless of when cash is received or paid | All revenue and expenses during year, regardless of when cash is received or paid |

The government-wide financial statements can be found starting on page 26 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The City of Corinth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as, on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Corinth reports twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds. Data from the non-major governmental funds are combined into a single aggregated presentation. Fund data for the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Corinth adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30 – 36 of this report.

Proprietary funds. The City of Corinth maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Corinth uses two enterprise funds to account for its water and wastewater operations and for its storm water utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater Fund and the Storm Water Fund, both of which are considered to be major funds of the City.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$70,716,331 at the close of the most recent fiscal year.

By far the largest portion of the City of Corinth's net position (\$58,492,275 or 83%) reflects its investment in capital assets (i.e., land, buildings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Corinth uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Corinth's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (\$4,126,156 or 6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$8,097,900 or 11%) may be used to meet the City's ongoing obligations to citizens and creditors. The City currently has \$24,181,701 available in cash and investments that may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year the City of Corinth is able to report positive balances in the government-wide as a whole and the business-type activities.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

City of Corinth's Changes in Fund Balance. The City's governmental funds decreased fund balance by \$8,088,633. The decrease can be attributed to the use of funds in the 2016 and 2017 CO Funds for Capital Improvement Projects. Net position, as part of the government-wide reports, is reported on a full-accrual basis. The reconciliation between the overall increase to governmental fund balances and the \$279,032 net increase to governmental activities net position illustrates the differences in reporting between the modified accrual basis used in the funds and full-accrual used at the government-wide level.

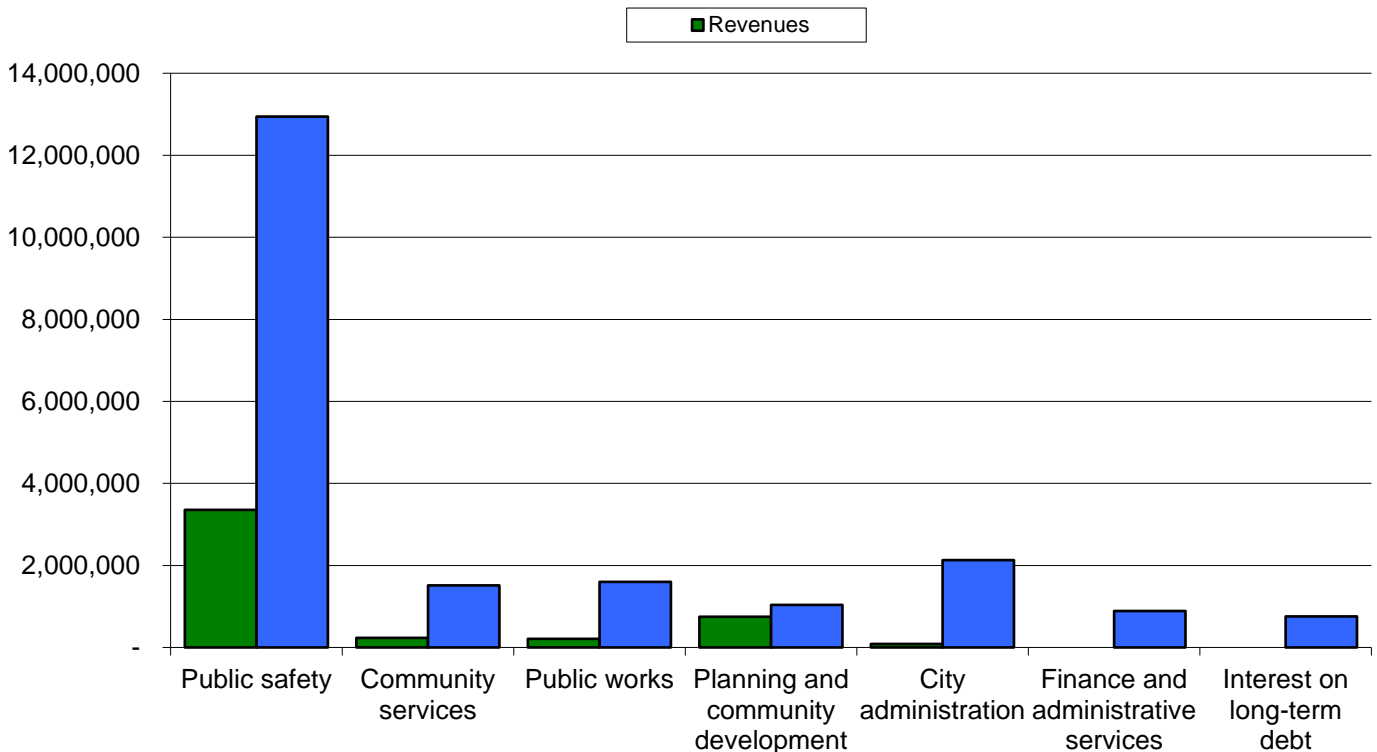
The following are the most significant factors in the reconciliation:

- Capital outlays are shown as expenditures in the fund financials statements, but they are shown as increases in capital assets in government-wide statements,
- Repayment of bond principal and capital leases are an expenditure in the governmental funds but not an expense in the statement of activities.

Exhibit A-6 on page 36 provides a detailed reconciliation between the statement of activities and the statement of revenues, expenditures and changes in fund balances of governmental funds.

Governmental Activities. Public safety, community services, public works, and planning and community development account for 98% of the expenses for the governmental activities. City administration, finance and administrative services and interest on long-term debt account for the remaining 2% of total expenses. These expenses were funded by revenues collected from a variety of sources. Property taxes produced \$10,587,532 or 51%, Charges for services accounted for \$4,626,596 or 22%, Sales tax received was \$2,370,316 or 11%, Franchise taxes provided \$1,120,653 or 5%, capital grants and contributions provided \$1,266,428 or 6% and operating grants and contributions provided \$277,286 or 1% for the governmental activities. The remaining 4% of revenue is made up of hotel occupancy tax, transfers, investment interest, other miscellaneous revenue and transfers. Figure 2 provides a graphic representation of the City's expenses and any directly related revenues by source.

Figure 2: Program Revenues v. Expenses



**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

TABLE I

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| ASSETS | | | | | | |
| Current and Other Assets | \$ 18,145,786 | \$ 28,470,801 | \$ 11,646,171 | \$ 7,391,889 | \$ 29,791,957 | \$ 35,862,690 |
| Capital assets | 57,879,132 | 53,273,570 | 31,233,795 | 32,097,958 | 89,112,927 | 85,371,528 |
| Total assets | 76,024,918 | 81,744,371 | 42,879,966 | 39,489,847 | 118,904,884 | 121,234,218 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred loss from refunding | 12,753 | 22,878 | 71,547 | 83,303 | 84,300 | 106,181 |
| Deferred outflows - pension | 1,172,137 | 2,173,391 | 158,098 | 286,162 | 1,330,235 | 2,459,553 |
| Deferred outflows - OPEB | 28,891 | - | 3,613 | - | 32,504 | - |
| Total Deferred Outflows of Resources | 1,213,781 | 2,196,269 | 233,258 | 369,465 | 1,447,039 | 2,565,734 |
| LIABILITIES | | | | | | |
| Long-term liabilities outstanding | 31,765,567 | 38,247,084 | 11,485,021 | 10,035,416 | 43,250,588 | 48,282,500 |
| Other liabilities | 3,008,515 | 4,265,620 | 1,627,584 | 1,476,589 | 4,636,099 | 5,742,209 |
| Total liabilities | 34,774,082 | 42,512,704 | 13,112,605 | 11,512,005 | 47,886,687 | 54,024,709 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows - pension | 1,556,429 | 473,645 | 192,476 | 62,618 | 1,748,905 | 536,263 |
| Total Deferred Inflows of Resources | 1,556,429 | 473,645 | 192,476 | 62,618 | 1,748,905 | 536,263 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 35,039,143 | 35,025,019 | 23,453,132 | 23,133,935 | 58,492,275 | 58,158,954 |
| Restricted | 2,830,975 | 2,600,794 | 1,295,181 | 1,127,099 | 4,126,156 | 3,727,893 |
| Unrestricted | 3,038,070 | 3,328,479 | 5,059,830 | 4,023,655 | 8,097,900 | 7,352,134 |
| Total Net Position | \$ 40,908,188 | \$ 40,954,292 | \$ 29,808,143 | \$ 28,284,689 | \$ 70,716,331 | \$ 69,238,981 |

Government-wide activities. As shown above, governmental activities decreased net position by \$46,104 and business-type activities increased net position by \$1,523,454. A detailed examination of all the elements affecting net position can be found in Table II.

TABLE II

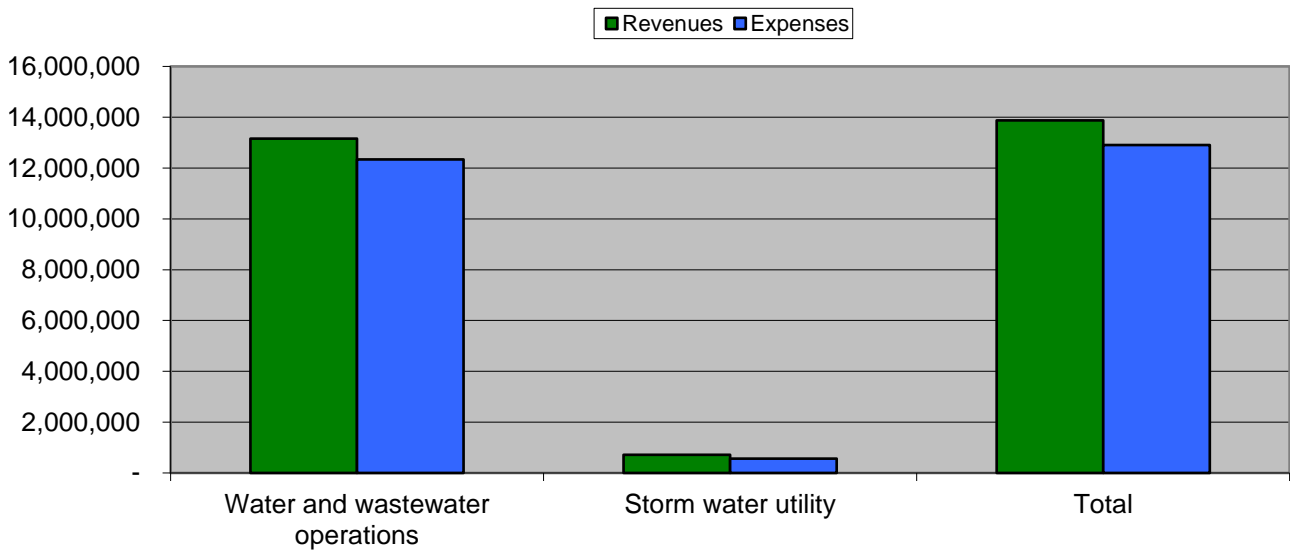
| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 4,626,596 | \$ 5,595,180 | \$ 13,871,517 | \$ 12,059,785 | \$ 18,498,113 | \$ 17,654,965 |
| Operating grants and contributions | 277,286 | 97,506 | - | - | 277,286 | 97,506 |
| Capital grants and contributions | 1,266,428 | 1,630,239 | 937,813 | 2,997,195 | 2,204,241 | 4,627,434 |
| General revenues | | | | | | |
| Property taxes | 10,587,532 | 10,629,143 | - | - | 10,587,532 | 10,629,143 |
| Sales taxes | 2,370,316 | 2,253,805 | - | - | 2,370,316 | 2,253,805 |
| Franchise taxes | 1,120,653 | 1,073,789 | - | - | 1,120,653 | 1,073,789 |
| Hotel taxes | 61,181 | 77,673 | - | - | 61,181 | 77,673 |
| Miscellaneous | 57,042 | 228,971 | 6,748 | 7,600 | 63,790 | 236,571 |
| Investment interest | 251,014 | 204,231 | 94,664 | 43,692 | 345,678 | 247,923 |
| Gain (loss) on sale of capital assets | 94,205 | 3,497 | 42,141 | 1,196 | 136,346 | 4,693 |
| Total Revenues | 20,712,253 | 21,794,034 | 14,952,883 | 15,109,468 | 35,665,136 | 36,903,502 |
| Expenses: | | | | | | |
| Public safety | 12,945,976 | 10,464,824 | - | - | 12,945,976 | 10,464,824 |
| Community services | 1,511,542 | 1,533,030 | - | - | 1,511,542 | 1,533,030 |
| Public works | 1,595,297 | 4,534,197 | - | - | 1,595,297 | 4,534,197 |
| Planning and community development | 1,034,510 | 857,360 | - | - | 1,034,510 | 857,360 |
| City administration | 2,128,443 | 1,940,255 | - | - | 2,128,443 | 1,940,255 |
| Finance and administrative services | 886,880 | 888,324 | - | - | 886,880 | 888,324 |
| Interest on long-term debt | 828,591 | 844,665 | - | - | 828,591 | 844,665 |
| Water and wastewater | - | - | 12,342,091 | 12,098,839 | 12,342,091 | 12,098,839 |
| Storm drainage | - | - | 560,241 | 517,412 | 560,241 | 517,412 |
| Total Expenses | 20,931,239 | 21,062,655 | 12,902,332 | 12,616,251 | 33,833,571 | 33,678,906 |
| Increase (decrease) in net position before transfers, contributions and special items | (218,986) | 731,379 | 2,050,551 | 2,493,217 | 1,831,565 | 3,224,596 |
| Net transfers | 498,018 | 678,980 | (498,018) | (678,980) | - | - |
| Increase (decrease) in net position | 279,032 | 1,410,359 | 1,552,533 | 1,814,237 | 1,831,565 | 3,224,596 |
| Net position - beginning | 40,954,292 | 39,543,933 | 28,284,689 | 26,470,452 | 69,238,981 | 66,014,385 |
| Prior Period Adjustment | (325,136) | - | (29,079) | - | (354,215) | - |
| Net position - ending | \$ 40,908,188 | \$ 40,954,292 | \$ 29,808,143 | \$ 28,284,689 | \$ 70,716,331 | \$ 69,238,981 |

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Business-type Activities. Business-type activities increased the City's net position by \$1,552,533. Charges for Services is a major revenue source in both the Water/Wastewater Fund and the Storm Drainage Fund, producing \$13,152,059 and \$719,458, respectively, in revenue. Charges for services account for 93% of the revenue. Contributions of assets arising from new property development within the City, totaled \$937,813 or 6% in revenue. Less than 1% of revenue is made up of investment interest and other miscellaneous revenue.

Total revenue from water and wastewater sales and services was \$13,152,059; associated operating costs of water, wastewater treatment, and operations and maintenance accounted for \$12,342,091 of the total business-type expenses of \$12,902,332. The remaining \$560,241 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$719,458 in revenue. The following chart (Figure 3) provides a graphic representation of the City's business-type expenses and any directly related revenues by source.

Figure 3: Program Revenues v. Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,077,113 a decrease of \$8,088,633 in comparison with the prior year. The net decrease in combined ending fund balance is due to the following: a net increase in the General Fund balance of \$154,112, a net decrease in the Debt Service Fund of \$91,487, a net increase of \$527,285 in other governmental funds, a net decrease of \$5,408,816 in the 2016 CO Fund and a net decrease of \$3,269,727 in the 2017 CO Fund.

Of the combined total governmental fund balances of \$14,077,113, \$5,184,229 reflects the General Fund *unassigned* fund balance which is available for spending at the government's discretion. The fund balance that is designated as *restricted* is not available for new spending due to debt service amounts, specific programs, and construction projects amounts to \$299,194, \$2,611,761 and \$2,962,556, respectively. The fund balance that is designated as *committed*, \$3,156,896 represents those amounts committed to liquidate contracts or encumbrances. The fund balance amount designated as *non-spendable* is for prepaid items, \$17,981, and inventories, \$233,795.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

General Fund. The General Fund is the chief operating fund of the City of Corinth. At the end of the current fiscal year, *unassigned* fund balance of the General Fund was \$5,184,229 while total fund balance reached \$5,436,005. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures for the fiscal year. Unassigned fund balance represents 33% of total General Fund expenditures, while total fund balance represents 34% of that same amount.

This year, in the General Fund, revenues were more than expected by a total of \$204,148. Property Taxes, Franchise Fees, Development fees and permits, Police fees and permits, Donations and Miscellaneous Income were less than budget by \$7,506, \$7,574, \$40,900, \$6,292, \$11,750 and \$52,531, respectively. Sales Tax, Utility Fees, Traffic fines and forfeitures, Parks and recreation fees, Fire Services, Interest Income and Charges for Services were above budget by \$178,786, \$7,219, \$17,366, \$2,730, \$36,710, \$86,266, and \$1,624, respectively. The City budgeted for no growth in fiscal year 2018. While revenues were over budget by \$204,148, expenditures were under budget by \$813,843. The net effect at year end was a increase of \$154,112 of revenues over expenditures in the General Fund.

Debt Service Fund. As part of the budgetary process, the government enacts a dedicated property tax for debt service each fiscal year. The Debt Service Fund has a total fund balance of \$299,194, all of which is restricted for the payment of debt service.

2016 CO Fund. This fund is used to track revenues and expenditures related to the 2016 CO Debt Issuance. Funds were used for acquiring, improving and equipping a new Public Safety Facility for the Police and Fire Departments, constructing an elevated storage tank, facility renovations for City Hall and Fire House #2 as well as the Lake Sharon Road Extension.

2017 CO Fund. This fund is used to track revenues and expenditures related to the 2017 CO Debt Issuance. Funds were used for acquiring, improving and equipping a new Public Safety Facility for the Police and Fire Departments, renovating a facility for the Public Works Department as well as the Lake Sharon Road Extension.

Other Governmental Funds. The non-major governmental funds are the Crime Control and Prevention Fund, Street Maintenance Fund, Hotel-Motel Tax Fund, Keep Corinth Beautiful Fund, County Child Safety Fund, Special Revenue Funds, Municipal Court Security Fund, Municipal Court Technology Fund, Police Confiscation Fund – State, Parks Development Fund, Community Park Improvement Fund, Tree Mitigation Fund, Roadway Impact Fee Fund, Governmental Capital Projects Fund, Vehicle Replacement Fund, LCFD Vehicle & Equipment Replacement Fund, Technology Equipment Replacement Fund, Street Escrow Fund, 2007 CO Streets Fund, and Public Safety Property Fund. Each of these funds is used to account for revenues and expenditures related to specific purposes.

- The Corinth Crime Control and Prevention District is a special sales tax of \$.0025 levied for crime control and prevention within the City. Sales tax collections were \$35,110 more than budgeted, interest earnings were more than budgeted by \$2,337 and expenditures were \$68,754 less than budgeted. Due to the positive variances in revenues and expenditures, actual fund balance increased \$122,212.
- The Street Maintenance Sales Tax fund accounts for the collection of a special sales tax of \$.0025. Sales tax collections were more than budgeted by \$41,304, interest earnings were more than budgeted by \$8,451 and expenditures were less than budget by \$357,502. These combined increased actual fund balance by \$336,395.

Proprietary funds. The City of Corinth's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City maintains two enterprise funds, the Water and Wastewater fund and the Storm Water utility fund.

Water and Wastewater fund assets of \$37,767,277 and deferred outflows of resources of \$206,670 exceeded liabilities of \$11,647,602 and deferred inflows of resources of \$175,808, reporting net position of \$26,150,537. The net non-operating revenues expenses were (\$145,457) which included investment interest, debt service interest, miscellaneous income, as well as, the sale of aging and obsolete capital assets at auction. The largest portion of the non-operating expenses was \$276,933 of interest expense. Unrestricted net position for the Water and Wastewater fund increased from \$3,029,211 in fiscal year 2017 to \$4,336,837 for fiscal year 2018.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Storm Water utility fund assets of \$5,112,689 and deferred outflows of \$26,588 exceeded liabilities of \$1,256,589 and deferred inflows of resources of \$16,668, leaving total net position of \$3,657,606. Total net position decreased \$93,271, unrestricted net position decreased from \$994,444 to \$722,993. The storm water utility reported operating income of \$203,923 in fiscal year 2018. Net non-operating revenues and expenses were (\$32,629) which includes \$11,987 in interest income, \$90 in miscellaneous income, and \$44,706 in interest expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2017-18, General Fund actual expenditures (including transfers) were \$16,959,529 compared to the final budget of \$17,773,372. The \$813,843 expenditure variance was due to reduced costs of \$422,055 for Public Safety, \$87,619 in Planning and Community Development, \$84,991 in Community Services, \$81,464 in City Administration, \$90,769 in Finance and Administrative Services, and \$46,945 in Public Works. Actual revenue (including transfers) was \$17,113,641 compared to the final budget of \$16,909,493. Of the \$204,148 revenue variance, approximately \$178,786 was for increased sales tax collection, and \$86,266 was due to increased interest income.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Corinth's investment in capital assets for its governmental and business type activities as of September 30, 2018, amounts to \$89,122,927 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities and infrastructure. The total change in the City's investment in capital assets for the current fiscal year represents purchases, retirements, construction in progress for infrastructure and transfers and adjustments.

**TABLE III
CAPITAL ASSETS AT YEAR-END**

| | Governmental Activities | | Business-Type Activities | | TOTAL | |
|-------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 6,129,106 | \$ 2,595,762 | \$ 524,330 | \$ 524,330 | \$ 6,653,436 | \$ 3,120,092 |
| CIP | 2,904,037 | 9,287,274 | 499,473 | 34,750 | 3,403,510 | 9,322,024 |
| Buildings | 14,436,732 | 4,100,547 | 91,051 | 97,617 | 14,527,783 | 4,198,164 |
| Machinery and equipment | 4,670,689 | 4,739,365 | 340,887 | 345,634 | 5,011,576 | 5,084,999 |
| Infrastructure | 29,738,568 | 32,550,622 | 29,778,054 | 31,095,626 | 59,516,622 | 63,646,248 |
| Total capital assets | \$ 57,879,132 | \$ 53,273,570 | \$ 31,233,795 | \$ 32,097,957 | \$ 89,112,927 | \$ 85,371,527 |

Additional information on the City's capital assets can be found in the notes to the financial statements on page 53.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$31,735,004 consisting of General Obligation Bonds and Certificates of Obligation. Debt can be reallocated among the Governmental and Business-Type Activities to reflect the amount of outstanding debt related to capital projects. All debt payments were made when due. Total debt payments equaled \$2,294,996. Total outstanding debt decreased by \$2,459,317 in fiscal year 2018 due to payment of debt principal (see Note 6).

**TABLE IV
OUTSTANDING DEBT AT YEAR-END**

| | Governmental Activities | | Business-Type Activities | | TOTAL | |
|----------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| General Obligation Bonds | \$ 6,663,408 | \$ 7,809,874 | \$ 6,801,595 | \$ 7,885,126 | \$ 13,465,003 | \$ 15,695,000 |
| Certificates of Obligation | 15,470,001 | 18,335,001 | 2,800,000 | - | 18,270,001 | 18,335,001 |
| Capital Lease Obligation | 1,217,298 | 1,381,618 | - | - | 1,217,298 | 1,381,618 |
| Total outstanding debt | \$ 23,350,707 | \$ 27,526,493 | \$ 9,601,595 | \$ 7,885,126 | \$ 32,952,302 | \$ 35,411,619 |

Additional information on the City's long-term debt can be found in this report in the notes to the financial statements on page 57.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Moody's Investor's Service, Inc. has given the City's General Obligation Bond and the Certificates of Obligation a rating of "AA2". Standard and Poor's Corporation has given both the City's General Obligation and Certificates of Obligation an "AA" rating. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to certified assessed value of all taxable property is 43.40 percent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City continues to rely heavily on property tax to support its continuing operations. Certified property values increased 10.58% for the 2018 tax year over the 2017 certified value. Sales tax, the second largest revenue source for the General Fund during FY 2017-18 also increased by 5% over the prior year's receipts. All other revenues held firm. The City received notification in September 2018 of its approval of nine (9) firefighters through the Staffing for Adequate Fire and Emergency Response Grants (SAFER). The SAFER grant provides funding for the nine positions for three years. The grant firefighter positions along with the reallocation of staffing from the other two stations will provide adequate staffing to open Fire House no. 3 in February 2019. The City is seeking legislation to permit Corinth to seek voter approval to partially fund the Fire Service through sales tax. Should the proposed legislation pass and be signed by the governor, the earliest election date would be November 2019 for voters to consider such a district to assist in funding fire operations.

The City Council approved a tax rate of \$.53686 for fiscal year 2018. General operations and maintenance will receive \$.42791 of the total and the remaining \$.10895 will fund long-term debt of the City which includes the new Public Safety Facility, Fire House no. 3, and street improvements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Corinth, 3300 Corinth Parkway, Corinth, Texas, 76208.

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BASIC FINANCIAL STATEMENTS

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|--------------------|--|
| | Governmental Activities | Business-Type Activities | Total | Corinth Economic Development Corporation |
| Assets | | | | |
| Cash and cash equivalents | \$ 4,510,104 | \$ 3,358,708 | \$ 7,868,812 | \$ 298,872 |
| Investments | 9,928,003 | 6,384,886 | 16,312,889 | 3,516,285 |
| Receivables (net of allowance) | | | | |
| Accounts | 3,455,903 | 1,780,262 | 5,236,165 | 162,492 |
| Inventories | 233,795 | 122,315 | 356,110 | - |
| Prepaid items | 17,981 | - | 17,981 | - |
| Capital assets not being depreciated | | | | |
| Land | 6,129,106 | 524,330 | 6,653,436 | - |
| Construction in progress | 2,904,037 | 499,473 | 3,403,510 | - |
| Capital assets (net of accumulated depreciation) | | | | |
| Buildings | 14,436,732 | 91,051 | 14,527,783 | - |
| Machinery and equipment | 4,670,689 | 340,887 | 5,011,576 | - |
| Infrastructure | 29,738,568 | 29,778,054 | 59,516,622 | - |
| Total assets | <u>76,024,918</u> | <u>42,879,966</u> | <u>118,904,884</u> | <u>3,977,649</u> |
| Deferred Outflows of Resources | | | | |
| Deferred loss from refunding | 12,753 | 71,547 | 84,300 | - |
| Deferred outflows - pension | 1,172,137 | 158,098 | 1,330,235 | 14,413 |
| Deferred outflows - OPEB | 28,891 | 3,613 | 32,504 | 364 |
| Total deferred outflows of resources | <u>1,213,781</u> | <u>233,258</u> | <u>1,447,039</u> | <u>14,777</u> |
| Liabilities | | | | |
| Accounts payable | 403,664 | 886,286 | 1,289,950 | 1,952 |
| Accrued liabilities | 368,236 | 58,486 | 426,722 | 4,468 |
| Accrued interest payable | 117,535 | 55,207 | 172,742 | - |
| Municipal court bonds | 7,790 | - | 7,790 | - |
| Customer meter deposits | - | 627,605 | 627,605 | - |
| Other liabilities | 2,077,627 | - | 2,077,627 | - |
| Unearned revenues | 33,663 | - | 33,663 | - |
| Noncurrent liabilities | | | | |
| Due within one year | 1,805,016 | 1,166,504 | 2,971,520 | 8,236 |
| Due in more than one year | 29,960,551 | 10,318,517 | 40,279,068 | 61,405 |
| Total liabilities | <u>34,774,082</u> | <u>13,112,605</u> | <u>47,886,687</u> | <u>76,061</u> |

The accompanying notes are an integral part of these financial statements.

City of Corinth, Texas
Statement of Net Position (Exhibit A-1)
September 30, 2018

| | | | | |
|--|----------------------|----------------------|----------------------|---------------------|
| Deferred Inflows of Resources | | | | |
| Deferred inflows - pension | <u>1,556,429</u> | <u>192,476</u> | <u>1,748,905</u> | <u>19,664</u> |
| Total deferred inflows of resources | <u>1,556,429</u> | <u>192,476</u> | <u>1,748,905</u> | <u>19,664</u> |
| Net Position | | | | |
| Net investment in capital assets | 35,039,143 | 23,453,132 | 58,492,275 | - |
| Restricted for capital projects | - | 1,295,181 | 1,295,181 | - |
| Restricted for specific programs | 2,611,761 | - | 2,611,761 | - |
| Restricted for debt service | 219,214 | - | 219,214 | - |
| Restricted for economic development | - | - | - | 3,896,701 |
| Unrestricted | <u>3,038,070</u> | <u>5,059,830</u> | <u>8,097,900</u> | <u>-</u> |
| Total net position | <u>\$ 40,908,188</u> | <u>\$ 29,808,143</u> | <u>\$ 70,716,331</u> | <u>\$ 3,896,701</u> |

| | Program Revenue | | | |
|--|--------------------------|--------------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental activities | | | | |
| Public safety | \$ 12,945,976 | \$ 3,351,543 | \$ 10,709 | \$ - |
| Community services | 1,511,542 | 234,622 | 56,018 | - |
| Public works | 1,595,297 | 207,711 | - | 1,266,428 |
| Planning and community development | 1,034,510 | 749,678 | - | - |
| City administration | 2,128,443 | 83,042 | 210,559 | - |
| Finance and administrative services | 886,880 | - | - | - |
| Interest on long-term debt | 828,591 | - | - | - |
| Total governmental activities | <u>20,931,239</u> | <u>4,626,596</u> | <u>277,286</u> | <u>1,266,428</u> |
| Business-type activities | | | | |
| Water and sewer | 12,342,091 | 13,152,059 | - | 827,903 |
| Storm drainage | 560,241 | 719,458 | - | 109,910 |
| Total business-type activities | <u>12,902,332</u> | <u>13,871,517</u> | <u>-</u> | <u>937,813</u> |
| Total primary government | <u><u>33,833,571</u></u> | <u><u>18,498,113</u></u> | <u><u>277,286</u></u> | <u><u>2,204,241</u></u> |
| Component Unit | | | | |
| Corinth Economic Development Corporation | <u>\$ 484,085</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| General Revenues | | | | |
| Taxes | | | | |
| Property taxes | | | | |
| Sales taxes | | | | |
| Franchise taxes | | | | |
| Hotel occupancy tax | | | | |
| Investment income | | | | |
| Other income (expense) | | | | |
| Gain on sale of capital assets | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position, beginning | | | | |
| Prior period adjustments | | | | |
| Beginning net position, as restated | | | | |
| Net position, ending | | | | |

The accompanying notes are an integral part of these financial statements.

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|--------------------------|----------------------|--|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-type Activities | Total | Corinth Economic Development Corporation |
| \$ (9,583,724) | \$ - | \$ (9,583,724) | |
| (1,220,902) | - | (1,220,902) | |
| (121,158) | - | (121,158) | |
| (284,832) | - | (284,832) | |
| (1,834,842) | - | (1,834,842) | |
| (886,880) | - | (886,880) | |
| (828,591) | - | (828,591) | |
| (14,760,929) | - | (14,760,929) | |
| - | 1,637,871 | 1,637,871 | |
| - | 269,127 | 269,127 | |
| - | 1,906,998 | 1,906,998 | |
| (14,760,929) | 1,906,998 | (12,853,931) | |
| | | | \$ (484,085) |
| 10,587,532 | - | 10,587,532 | - |
| 2,370,316 | - | 2,370,316 | 796,002 |
| 1,120,653 | - | 1,120,653 | - |
| 61,181 | - | 61,181 | - |
| 251,014 | 94,664 | 345,678 | 48,458 |
| 57,042 | 6,748 | 63,790 | - |
| 94,205 | 42,141 | 136,346 | - |
| 498,018 | (498,018) | - | - |
| 15,039,961 | (354,465) | 14,685,496 | 844,460 |
| 279,032 | 1,552,533 | 1,831,565 | 360,375 |
| 40,954,292 | 28,284,689 | 69,238,981 | 3,603,623 |
| (325,136) | (29,079) | (354,215) | (67,297) |
| 40,629,156 | 28,255,610 | 68,884,766 | 3,536,326 |
| <u>\$ 40,908,188</u> | <u>\$ 29,808,143</u> | <u>\$ 70,716,331</u> | <u>\$ 3,896,701</u> |

| | General | Debt Service | 2016 CO Fund |
|--|----------------------------|--------------------------|----------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 248,612 | \$ 7,209 | \$ 175,617 |
| Investments | 4,900,198 | 291,914 | 1,200,000 |
| Receivables (net of allowance) | | | |
| Property taxes | 92,176 | 27,738 | - |
| Sales taxes | 299,301 | - | - |
| Accounts | 65,218 | 9,243 | - |
| Interest | 19,082 | - | 1,201 |
| Warrants | 1,981,077 | - | - |
| Ambulance | 299,571 | - | - |
| Miscellaneous | 409,366 | - | - |
| Due from other governments | 2,533 | 645 | - |
| Inventories | 233,795 | - | - |
| Prepaid items | 17,981 | - | - |
| Total assets | <u>\$ 8,568,910</u> | <u>\$ 336,749</u> | <u>\$ 1,376,818</u> |
| Liabilities | | | |
| Accounts payable | \$ 218,412 | \$ - | \$ 116,785 |
| Accrued liabilities | 362,806 | - | - |
| Municipal court bonds | 7,790 | - | - |
| Other liabilities | 1,377,596 | - | - |
| Unearned revenue | 26,163 | - | - |
| Total liabilities | <u>1,992,767</u> | <u>-</u> | <u>116,785</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue | 1,140,138 | 37,555 | - |
| Total deferred inflows of resources | <u>1,140,138</u> | <u>37,555</u> | <u>-</u> |
| Fund Balances | | | |
| Nonspendable | 251,776 | - | - |
| Restricted | - | 299,194 | 1,260,033 |
| Committed | - | - | - |
| Unassigned | 5,184,229 | - | - |
| Total fund balances | <u>5,436,005</u> | <u>299,194</u> | <u>1,260,033</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 8,568,910</u> | <u>\$ 336,749</u> | <u>\$ 1,376,818</u> |

The accompanying notes are an integral part of these financial statements.

City of Corinth, Texas
 Balance Sheet – Governmental Funds (Exhibit A-3)
 September 30, 2018

| 2017 CO Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------|--------------------------------|--------------------------------|
| \$ 819,115 | \$ 3,259,551 | \$ 4,510,104 |
| 921,630 | 2,614,261 | 9,928,003 |
| - | - | 119,914 |
| - | 140,375 | 439,676 |
| 9,706 | - | 84,167 |
| 1,078 | 6,893 | 28,254 |
| - | - | 1,981,077 |
| - | - | 299,571 |
| - | 90,700 | 500,066 |
| - | - | 3,178 |
| - | - | 233,795 |
| - | - | 17,981 |
| <u>\$ 1,751,529</u> | <u>\$ 6,111,780</u> | <u>\$ 18,145,786</u> |
| \$ 49,006 | \$ 19,461 | \$ 403,664 |
| - | 5,430 | 368,236 |
| - | - | 7,790 |
| - | 700,031 | 2,077,627 |
| - | 7,500 | 33,663 |
| <u>49,006</u> | <u>732,422</u> | <u>2,890,980</u> |
| - | - | 1,177,693 |
| - | - | 1,177,693 |
| - | - | 251,776 |
| 1,702,523 | 2,611,761 | 5,873,511 |
| - | 3,156,896 | 3,156,896 |
| - | (389,299) | 4,794,930 |
| <u>1,702,523</u> | <u>5,379,358</u> | <u>14,077,113</u> |
| <u>\$ 1,751,529</u> | <u>\$ 6,111,780</u> | <u>\$ 18,145,786</u> |

| | |
|--|---------------|
| Total Fund Balances - Governmental Funds | \$ 14,077,113 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | 57,879,132 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. As a result, these liabilities decrease net position: | |
| Capital leases payable | (1,217,298) |
| Bonds payable | (24,598,000) |
| Accrued compensated absences | (959,865) |
| Deferred loss on bond refunding is not included in the governmental funds but is deferred and amortized in the government wide statements. | 12,753 |
| Payables for bond interest which are not due in the current period are not reported in the fund financial statements but are included in the statement of net position. This results in a decrease in net position. | (117,535) |
| Included in liabilities is the recognition of the City's net pension liability in the amount of \$4,708,773, a deferred inflow of resources of \$1,556,429 and a deferred outflow of resources of \$1,172,137. This results in a decrease in net position. | (5,093,065) |
| Included in liabilities is the recognition of the City's net OPEB liability in the amount of \$281,631 and a deferred outflow of resources of \$28,891. This results in a decrease in net position. | (252,740) |
| Other adjustments are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. Net property taxes receivable of \$124,486, net fines, fees and court costs receivable of \$687,605, net fees for ambulance receivables of \$299,571 and net receivables for other items of \$66,031 were unavailable to pay for the current period expenditures and are deferred inflows in the governmental funds but are recognized as revenue in the government wide statements. This results in an increase in net position. | 1,177,693 |
| Net Position of Governmental Activities | \$ 40,908,188 |

The accompanying notes are an integral part of these financial statements.

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| | General | Debt Service | 2016 CO Fund |
|--|---------------------|-------------------|---------------------|
| Revenues | | | |
| Taxes | | | |
| Property | \$ 8,407,599 | \$ 2,141,177 | \$ - |
| Sales | 1,609,767 | - | - |
| Hotel occupancy tax | - | - | - |
| Franchise | 1,120,653 | - | - |
| Escrow and impact fees | - | - | - |
| Utility fees | 24,719 | - | - |
| Traffic fines and forfeitures | 722,634 | - | - |
| Development fees and permits | 710,434 | - | - |
| Police fees and permits | 22,158 | - | - |
| Parks and recreation fees | 167,604 | - | - |
| Fire services | 2,748,660 | - | - |
| Donations | - | - | - |
| Interest income | 123,266 | 8,215 | 31,383 |
| Grants | - | - | - |
| Miscellaneous income | 61,502 | 422 | - |
| Charges for services | 564,514 | - | - |
| Total revenues | 16,283,510 | 2,149,814 | 31,383 |
| Expenditures | | | |
| Current | | | |
| Public safety | 9,965,972 | - | - |
| Community services | 1,366,918 | - | - |
| Public works | 751,837 | - | - |
| Planning and community development | 985,423 | - | - |
| City administration | 1,957,650 | - | - |
| Finance and administrative services | 893,640 | - | - |
| Debt service | | | |
| Principal | - | 1,211,465 | - |
| Interest | - | 1,022,312 | - |
| Bond fees | - | 10,440 | - |
| Capital outlay | - | - | 4,563,941 |
| Total expenditures | 15,921,440 | 2,244,217 | 4,563,941 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 362,070 | (94,403) | (4,532,558) |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capital assets | - | - | - |
| Transfers out | (1,038,089) | - | (1,376,258) |
| Transfers in | 830,131 | 2,916 | 500,000 |
| Total other financing sources (uses) | (207,958) | 2,916 | (876,258) |
| Net Change in Fund Balance | 154,112 | (91,487) | (5,408,816) |
| Fund Balance - | | | |
| October 1 (Beginning) | 5,438,806 | 390,681 | 6,668,849 |
| Prior period adjustment | (156,913) | - | - |
| Fund Balance - | | | |
| October 1 (Beginning), as restated | 5,281,893 | 390,681 | 6,668,849 |
| Fund Balance - | | | |
| September 30 (Ending) | \$ 5,436,005 | \$ 299,194 | \$ 1,260,033 |

The accompanying notes are an integral part of these financial statements.

City of Corinth, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit A-5)
Year Ended September 30, 2018

| 2017 CO Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ 10,548,776 |
| - | 760,549 | 2,370,316 |
| - | 61,181 | 61,181 |
| - | - | 1,120,653 |
| - | 207,711 | 207,711 |
| - | - | 24,719 |
| - | 36,363 | 758,997 |
| - | - | 710,434 |
| - | 28,020 | 50,178 |
| - | 9,935 | 177,539 |
| - | 11,989 | 2,760,649 |
| 1,266,428 | 276,034 | 1,542,462 |
| 28,773 | 59,377 | 251,014 |
| - | 1,576 | 1,576 |
| 10,531 | 278,942 | 351,397 |
| - | - | 564,514 |
| <u>1,305,732</u> | <u>1,731,677</u> | <u>21,502,116</u> |
| - | 654,062 | 10,620,034 |
| - | 61,467 | 1,428,385 |
| - | 135,054 | 886,891 |
| - | 54,681 | 1,040,104 |
| - | 157,190 | 2,114,840 |
| - | - | 893,640 |
| - | 164,320 | 1,375,785 |
| - | 41,957 | 1,064,269 |
| - | - | 10,440 |
| 3,174,329 | 227,030 | 7,965,300 |
| <u>3,174,329</u> | <u>1,495,761</u> | <u>27,399,688</u> |
| (1,868,597) | 235,916 | (5,897,572) |
| - | 182,498 | 182,498 |
| (1,500,000) | (573,835) | (4,488,182) |
| 98,870 | 682,706 | 2,114,623 |
| <u>(1,401,130)</u> | <u>291,369</u> | <u>(2,191,061)</u> |
| (3,269,727) | 527,285 | (8,088,633) |
| 4,972,250 | 4,852,073 | 22,322,659 |
| - | - | (156,913) |
| <u>4,972,250</u> | <u>4,852,073</u> | <u>22,165,746</u> |
| <u>\$ 1,702,523</u> | <u>\$ 5,379,358</u> | <u>\$ 14,077,113</u> |

City of Corinth, Texas
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental
 Funds to the Statement of Activities (Exhibit A-6)
 Year Ended September 30, 2018

| | |
|---|--------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (8,088,633) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. | 8,936,833 |
| The net book value of capital assets disposed reduces net position. | (88,293) |
| Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. | (4,242,978) |
| The repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | |
| Bond principal repayments | 1,211,465 |
| Transfer of bonds payable and premium to water and sewer fund | 2,871,577 |
| Capital lease repayment | 164,320 |
| Amortization of premium | 194,540 |
| Amortization of deferred loss on bond refunding | <u>(10,125)</u> |
| | 4,431,777 |
| Changes in long-term liabilities for compensated absences are not reported in the governmental funds but are included in the statement of activities. | 72,702 |
| Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The current year change in the interest accrual is an increase in net position. | 61,703 |
| Certain pension expenditures that are recorded in the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$953,787. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's pension expense must be recognized. These cause the change in net position to decrease in the amount of \$853,641. | 100,146 |
| Certain OPEB expenditures that are recorded in the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$7,264. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's OPEB expense must be recognized. These cause the change in net position to decrease in the amount of \$27,421. | (20,157) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of resources as revenue, adjusting current year revenue to include the revenue earned from current year's tax levy, and eliminating interfund transactions. These adjustments result in a decrease in net position. | <u>(884,068)</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 279,032</u></u> |

The accompanying notes are an integral part of these financial statements.

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| | Enterprise Funds | | |
|---|----------------------------|---------------------------|------------------------------|
| | Water and Sewer Fund | Storm Drainage Fund | Total Enterprise Funds |
| Assets | | | |
| Current assets | | | |
| Cash | \$ 3,203,153 | \$ 155,555 | \$ 3,358,708 |
| Investments | 5,736,255 | 648,631 | 6,384,886 |
| Receivables (net of allowances for uncollectibles) | | | |
| Accounts | 1,665,082 | 85,807 | 1,750,889 |
| Interest | 12,031 | 759 | 12,790 |
| Miscellaneous | 14,047 | 2,536 | 16,583 |
| Inventories | 108,780 | 13,535 | 122,315 |
| Total current assets | <u>10,739,348</u> | <u>906,823</u> | <u>11,646,171</u> |
| Non-current assets | | | |
| Capital assets | | | |
| Land | 512,330 | 12,000 | 524,330 |
| Construction in progress | 427,323 | 72,150 | 499,473 |
| Buildings | 252,345 | - | 252,345 |
| Machinery and equipment | 1,361,056 | 267,508 | 1,628,564 |
| Infrastructure | 43,669,571 | 6,030,007 | 49,699,578 |
| Less accumulated depreciation | <u>(19,194,696)</u> | <u>(2,175,799)</u> | <u>(21,370,495)</u> |
| Total capital assets (net of accumulated depreciation) | <u>27,027,929</u> | <u>4,205,866</u> | <u>31,233,795</u> |
| Total assets | <u>37,767,277</u> | <u>5,112,689</u> | <u>42,879,966</u> |
| Deferred Outflows of Resources | | | |
| Deferred charge on refunding | 62,883 | 8,664 | 71,547 |
| Deferred outflows - pension | 140,434 | 17,664 | 158,098 |
| Deferred outflows - OPEB liability | 3,353 | 260 | 3,613 |
| Total deferred outflows of resources | <u>206,670</u> | <u>26,588</u> | <u>233,258</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 875,279 | 11,007 | 886,286 |
| Accrued liabilities | 53,756 | 4,730 | 58,486 |
| Accrued interest payable | 47,631 | 7,576 | 55,207 |
| Customer deposits | 627,605 | - | 627,605 |
| Current portion of compensated absences | 23,958 | - | 23,958 |
| Current portion of bonds | 957,445 | 185,101 | 1,142,546 |
| Total current liabilities | <u>2,585,674</u> | <u>208,414</u> | <u>2,794,088</u> |

The accompanying notes are an integral part of these financial statements.

| | | | |
|-------------------------------------|----------------------|---------------------|----------------------|
| Non-current liabilities | | | |
| Compensated absences | 79,955 | 824 | 80,779 |
| Net pension liability | 566,657 | 66,117 | 632,774 |
| Net OPEB liability | 32,681 | 2,531 | 35,212 |
| General obligation bonds | 8,382,635 | 1,187,117 | 9,569,752 |
| Total noncurrent liabilities | <u>9,061,928</u> | <u>1,256,589</u> | <u>10,318,517</u> |
| Total liabilities | <u>11,647,602</u> | <u>1,465,003</u> | <u>13,112,605</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows - pension | <u>175,808</u> | <u>16,668</u> | <u>192,476</u> |
| Total deferred inflows of resources | <u>175,808</u> | <u>16,668</u> | <u>192,476</u> |
| Net Position | | | |
| Net investment in capital assets | 20,610,820 | 2,842,312 | 23,453,132 |
| Restricted for capital projects | 1,202,880 | 92,301 | 1,295,181 |
| Unrestricted | <u>4,336,837</u> | <u>722,993</u> | <u>5,059,830</u> |
| Total net position | <u>\$ 26,150,537</u> | <u>\$ 3,657,606</u> | <u>\$ 29,808,143</u> |

City of Corinth, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position – Enterprise Funds (Exhibit A-8)
Year Ended September 30, 2018

| | Enterprise Funds | | |
|---|----------------------------|---------------------------|------------------------------|
| | Water and Sewer Fund | Storm Drainage Fund | Total Enterprise Funds |
| Operating Revenues | | | |
| Charges for sales and services: | | | |
| Water sales | \$ 8,216,498 | \$ - | \$ 8,216,498 |
| Sewer disposal | 3,496,873 | - | 3,496,873 |
| Storm drainage fees | - | 712,716 | 712,716 |
| Garbage | 822,889 | - | 822,889 |
| Penalties and reconnect fees | 184,617 | - | 184,617 |
| Tap fees | 310,331 | - | 310,331 |
| Service fees | 77,994 | - | 77,994 |
| Inspections | 42,857 | 6,742 | 49,599 |
| Total Operating Revenues | <u>13,152,059</u> | <u>719,458</u> | <u>13,871,517</u> |
| Operating Expenses | | | |
| Wages and benefits | 1,609,170 | 132,081 | 1,741,251 |
| Professional services and contracts | 912,478 | 54,133 | 966,611 |
| Upper Trinity contract fees | 6,734,975 | - | 6,734,975 |
| Maintenance and operations | 427,204 | 4,352 | 431,556 |
| Supplies | 52,393 | 5,320 | 57,713 |
| Utilities and communication | 194,978 | 5,594 | 200,572 |
| Vehicles/equipment and fuel | 74,114 | 9,283 | 83,397 |
| Travel and training | 21,053 | 1,006 | 22,059 |
| Noncapitalized expenses | 98,485 | - | 98,485 |
| Depreciation | 1,940,308 | 303,766 | 2,244,074 |
| Total Operating Expenses | <u>12,065,158</u> | <u>515,535</u> | <u>12,580,693</u> |
| Operating Income | <u>1,086,901</u> | <u>203,923</u> | <u>1,290,824</u> |
| Nonoperating Revenues (Expenses) | | | |
| Interest income | 82,677 | 11,987 | 94,664 |
| Miscellaneous income (expense) | 6,658 | 90 | 6,748 |
| Gain (loss) on sale of capital assets | 42,141 | - | 42,141 |
| Interest expense | (276,933) | (44,706) | (321,639) |
| Total Non-operating Revenues (Expenses) | <u>(145,457)</u> | <u>(32,629)</u> | <u>(178,086)</u> |
| Income Before Contributions and Transfers | <u>941,444</u> | <u>171,294</u> | <u>1,112,738</u> |
| Contributions and Transfers | | | |
| Special assessment - water and sewer impact fees | 556,609 | - | 556,609 |
| Capital contributions | 271,294 | 109,910 | 381,204 |
| Transfers in | 2,009,294 | 117,563 | 2,126,857 |
| Transfers out | (2,132,837) | (492,038) | (2,624,875) |
| Total Contributions and Transfers | <u>704,360</u> | <u>(264,565)</u> | <u>439,795</u> |
| Change in Net Position | 1,645,804 | (93,271) | 1,552,533 |
| Net Position, Beginning | 24,531,722 | 3,752,967 | 28,284,689 |
| Prior period adjustments | (26,989) | (2,090) | (29,079) |
| Beginning net position, as restated | <u>24,504,733</u> | <u>3,750,877</u> | <u>28,255,610</u> |
| Net Position, Ending | <u>\$ 26,150,537</u> | <u>\$ 3,657,606</u> | <u>\$ 29,808,143</u> |

The accompanying notes are an integral part of these financial statements.

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| | Enterprise Funds | | |
|---|----------------------|---------------------|------------------------|
| | Water and Sewer Fund | Storm Drainage Fund | Total Enterprise Funds |
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$ 13,054,583 | \$ 715,169 | \$ 13,769,752 |
| Payments to or on behalf of employees | (1,552,660) | (127,505) | (1,680,165) |
| Payments to Upper Trinity for contract fees | (6,734,975) | - | (6,734,975) |
| Payments to suppliers | (1,615,512) | (83,594) | (1,699,106) |
| Net Cash Provided by Operating Activities | 3,151,436 | 504,070 | 3,655,506 |
| Cash Flows from Noncapital Financing Activities | | | |
| Transfers out | (2,132,837) | (492,038) | (2,624,875) |
| Transfers in | 2,009,294 | 117,563 | 2,126,857 |
| Payments to/from other funds | - | - | - |
| Net Cash Used by Noncapital Financing Activities | (123,543) | (374,475) | (498,018) |
| Cash Flows from Capital and Related Financing Activities | | | |
| Transfer in- bond proceeds from governmental fund | 2,871,577 | - | 2,871,577 |
| Acquisition of capital assets | (874,702) | (162,974) | (1,037,676) |
| Principal paid on bonds | (895,869) | (187,213) | (1,083,082) |
| Interest paid on bonds | (369,783) | (64,628) | (434,411) |
| Proceeds from sale of assets | 54,121 | - | 54,121 |
| Special assessments- impact fees | 556,609 | - | 556,609 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 1,341,953 | (414,815) | 927,138 |
| Cash Flows from Investing Activities | | | |
| (Increase) decrease in short-term investments | (3,500,253) | 152,658 | (3,347,595) |
| Interest received | 81,053 | 12,375 | 93,428 |
| Net Cash (Used) Provided by Investing Activities | (3,419,200) | 165,033 | (3,254,167) |
| Net Change in Cash and Cash Equivalents | 950,646 | (120,187) | 830,459 |
| Cash and Cash Equivalents, Beginning | 2,252,507 | 275,742 | 2,528,249 |
| Cash and Cash Equivalents, Ending | \$ 3,203,153 | \$ 155,555 | \$ 3,358,708 |

The accompanying notes are an integral part of these financial statements.

City of Corinth, Texas
Statement of Cash Flows – Enterprise Funds (Exhibit A-9)
Year Ended September 30, 2018

| | Enterprise Funds | | |
|--|----------------------------|---------------------------|------------------------------|
| | Water and Sewer Fund | Storm Drainage Fund | Total Enterprise Funds |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | |
| Operating income | \$ 1,086,901 | \$ 203,923 | \$ 1,290,824 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | |
| Depreciation and amortization | 1,940,308 | 303,766 | 2,244,074 |
| Miscellaneous income | - | 90 | 90 |
| (Increase) decrease in accounts receivable | (116,841) | (4,379) | (121,220) |
| (Increase) decrease in inventories | 51,817 | 1,069 | 52,886 |
| Increase (decrease) in accounts payable | 113,376 | 8,690 | 122,066 |
| Increase (decrease) in customer deposits | 19,365 | - | 19,365 |
| Increase (decrease) in accrued liabilities | 56,510 | (9,089) | 47,421 |
| Net Cash Provided by Operating Activities | <u>\$ 3,151,436</u> | <u>\$ 504,070</u> | <u>\$ 3,655,506</u> |
| Noncash Investing and Financing Activities | | | |
| Infrastructure contributed by developers | \$ 271,294 | \$ 109,910 | \$ 381,204 |

Note 1 - Reporting Entity

The City of Corinth, Texas (the City) is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The financial statements of the City have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended, include whether:

- the organization is legally separate (can sue and be sued in their own name),
- the City holds the corporate powers of the organization,
- the City appoints a voting majority of the organization's board,
- the City is able to impose its will on the organization,
- the organization has the potential to impose a financial benefit/burden on the City,
- there is fiscal dependency by the organization on the City.

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in the financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Based on the criteria above, the City has the following component units:

Blended component unit. The Corinth Crime Control and Prevention District (CCD) was organized under state law and serves all the citizens of the City and is financed by a one-quarter of one percent (.0025) sales and use tax for the support of crime reduction programs authorized by the City. The CCD is governed by a board of directors, the members of which are appointed and serve at the discretion of the City Council. Because the CCD board is made up of the City Council, the CCD meets the standard that the board is substantially the same as the City Council. The CCD provides services entirely to the City. Therefore, the CCD is reported as a blended component unit. The CCD is reported as a special revenue fund and does not issue separate financial statements.

Discretely presented component unit. The Corinth Economic Development Corporation (CEDC) was organized under state law for the purpose of promoting economic development. State statutes define projects that the corporation may fund. The CEDC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. The CEDC is reported as a governmental entity and its accounts are maintained on the modified accrual basis of accounting. CEDC does not issue separate financial statements.

Note 2 - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements.

Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, certain charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The **General Fund** is the general operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- The **2016 CO Fund** is used to account for the resources obtained from the issuance of the 2016 \$13,275,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation.
- The **2017 CO Fund** is used to account for the resources obtained from the issuance of the 2017 \$4,855,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation.

The City reports the following major proprietary fund types:

- **Water and Sewer Fund** – The Water and Sewer Fund provides water and wastewater services to the residents and businesses of Corinth. The activities supporting the delivery of services are accounted for in this fund, including operations and maintenance, administration, billing, financing and debt service. The Water and Sewer Fund is financed and operated in a manner similar to private business enterprises, where the determination of net income is necessary or useful to sound financial administration.
- **Storm Drainage Fund** – The Storm Drainage Utility Fund is used to protect the public health and safety from damage caused by surface water overflows, and surface water stagnation and pollution within the city.

Additionally, the City reports the following fund types:

- Thirteen nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specialized purposes.
- Seven nonmajor capital projects funds are used to account for acquisition and construction of major capital facilities (other than those accounted for within the City's proprietary funds) and vehicle replacement funds. Capital projects are funded primarily through certificates of obligation.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses include cost of sales and services, administrative expenses and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 4 - Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

For purposes of the statement of cash flows for the proprietary fund types, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments for the City and CEDC are reported at fair value (generally based on quoted market prices), except for the positions in TexPool and TexSTAR. In accordance with state law, TexPool and TexSTAR operate in conformity with the requirements of the Securities and Exchange Commission's (SEC) Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool and TexSTAR qualify as 2a-7 like pools and are reported at amortized cost. The Pools are subject to regulatory oversight by the State Comptroller, although they are not registered with the SEC.

Fair Value Measurements

Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs other than quoted prices included within Level 1 that are for similar assets or liabilities. U.S. government-backed securities are valued using Level 2 inputs that are based on market data obtained from independent sources.
- Level 3 inputs are unobservable inputs for an asset or liability either directly or indirectly.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance totaled \$2,375,190 for General Fund, \$371,166 for Water and Sewer Fund and \$1,276 for Storm Drainage Fund.

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are recorded as expenditures when consumed rather than when purchased.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS’s fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

The fiduciary net position of the TMRS Supplemental Death Benefits Plan (SDBP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from SDBP’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The City has a deferred charge on bond refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City has deferred outflows of resources related to pensions as described in Note 7. The City also has deferred outflows of resources related to its Supplemental Death Benefits Plan as described in Note 8.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines, ambulance services and other items. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows of resources for its deferred inflow related to pensions as described in Note 7.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements as well as the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction are not depreciated. Other property, plant, equipment, and infrastructure of the City, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

| | |
|--|-------------|
| Building and building improvements | 20-50 years |
| Water and Wastewater system infrastructure | 30 years |
| Storm drainage system infrastructure | 30 years |
| Public domain infrastructure | 50 years |
| Vehicles and equipment | 5-10 years |
| Office equipment | 5-10 years |

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Compensated Absences

Accumulated earned but unused vacation, holiday, compensatory time and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. Eligible employees are reimbursed upon separation from service for accumulated vacation, holiday, sick pay; non-exempt employees are reimbursed for vacation, holiday, compensatory time and sick leave.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1st of each year. Taxes are levied on and payable the following October 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2018, was \$.53686 per \$100 of assessed valuation.

Fund Balance

The City classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

- *Nonspendable* fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City had \$233,795 and \$17,981 in nonspendable fund balance for inventory and prepaid items, respectively, at September 30, 2018.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Debt service fund balance restricted for the retirement of funded indebtedness totaled \$299,194 as of September 30, 2018. Fund balance restricted for future capital projects totaled \$1,260,033 and \$1,702,523, respectively. Special revenue fund balance restricted for specific programs included Crime Control and Prevention, Street Maintenance, Hotel Motel Tax, Keep Corinth Beautiful, County Child Safety, Special Revenue, Municipal Court Security, Municipal Court Technology, Police Confiscation – State, Parks Development, Community Park Improvement, and Tree Mitigation and totaled \$453,109, \$1,272,958, \$170,716, \$28,906, \$26,900, \$45,759, \$79,516, \$45,591, \$1,966, \$324,014, \$6,278 and \$156,048, respectively, as of September 30, 2018.
- *Committed fund balance* is established and modified by a resolution from City Council, the City's highest level of decision-making authority, and can be used only for the specified purposes determined by the Council's resolution. Special revenue fund balance committed for specific programs consisted of fund balance committed to special revenue totaling \$350,034 as of September 30, 2018. Capital project fund balances committed for future projects included the Governmental Capital Projects, Vehicle Replacement, LCFD Vehicle and Equipment Replacement, Tech Equipment Replacement, and Street Escrow and totaled \$1,792,425, \$210,232, \$559,426, \$90,047, and \$154,732, respectively, as of September 30, 2018.

- *Assigned* fund balance includes the portion of net resources for which an intended use has been established by the City Council or the City Official authorized to do so by the City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund but does not meet the criteria to be classified as restricted or committed. The Council has authorized the City Manager to assign fund balance. The City had no assigned fund balance as of September 30, 2018.
- Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

Minimum fund balance policy

The City Council has adopted a financial policy to maintain an unassigned fund balance in the general fund equal to 20% of expenditures and in the water and sewer fund and storm drainage fund equal to 25% of expenditures. The City considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

Flow Assumptions

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned, then unassigned fund balance.

Implementation of GASB Statement No. 75

As of October 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expenses. The effect of the implementation of this standard on beginning net position is disclosed in Note 11 and the additional disclosures required by this standard are included in Note 8.

Note 5 - Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund; Crime Control and Prevention, Street Maintenance, Hotel/Motel Tax, Municipal Court Security, Municipal Court Technology, Parks Development, Keep Corinth Beautiful, County Child Safety, Police Confiscation - State, Parks Development, Community Park Improvement, Tree Mitigation, and Roadway Impact Fee special revenue funds; and the Debt Service fund. The capital projects funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (i.e. grant awards and city council resolutions) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, functional department and division. Transfers of appropriations between divisions within a department may be initiated by staff and approved by the Director. Transfers between functional departments require the approval of the Director, Budget Manager, and Finance Director. Transfers between funds may require Council approval. All transfers of appropriations require the approval of the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City Council is required to approve all budget amendments that alter department or operating appropriations.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

Deficit fund equity

At September 30, 2018, a fund deficit of \$389,299 was reported for the Roadway Impact Fee Fund. It represents deferred/unearned impact fee revenue, net of related assets, which will be recognized as development of land progresses through April 1, 2025.

Note 6 - Detailed Notes on All Funds

Cash and Investments

Custodial Credit Risk. Cash deposits of the City and CEDC at September 30, 2018, were entirely secured by FDIC insurance and pledged collateral held by the City's agent bank.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) Texas local government investment pools; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (b) secured by obligations that are described by (1) – (4); (6) and reverse repurchase agreements not to exceed 90 days to stated maturity.

Following are the City's investments at September 30, 2018, including classification by level, within the fair value hierarchy:

Primary Government

| <u>Investment Pools</u> | <u>Reported Value</u> | <u>Level</u> | <u>S&P Rating</u> | <u>Weighted Average Maturity</u> | <u>Withdrawal or Liquidity Restrictions</u> | |
|--------------------------|-----------------------|--------------|-----------------------|--|---|------------------------------|
| TexSTAR | \$ 2,257,656 | N/A | AAAm | < 60 days | None | |
| | | | | <u>Investment Maturity in Years</u> | | |
| | | | | <u>Less than 1 Year</u> | <u>1 - 5</u> | <u>More than 5 Years</u> |
| <u>Other Investments</u> | | | | | | |
| U.S. Government | | | | | | |
| Backed Securities | \$ 13,769,910 | Level 2 | AA+ | \$ 8,567,000 | \$ 5,202,910 | \$ - |
| Money market | 291,647 | Level 1 | N/A | 291,647 | - | - |
| Total | <u>14,061,557</u> | | | <u>\$ 8,858,647</u> | <u>\$ 5,202,910</u> | <u>\$ -</u> |
| Less reconciling items | (6,324) | | | | | |
| Total Investments | <u>\$ 16,312,889</u> | | | | | |

CEDC

| <u>Investment Pools</u> | <u>Reported Value</u> | <u>Level</u> | <u>S&P Rating</u> | <u>Weighted Average Maturity</u> | <u>Withdrawal or Liquidity Restrictions</u> | |
|--------------------------|-----------------------|--------------|-----------------------|--|---|------------------------------|
| TexPool | \$ 421,872 | N/A | AAAm | < 60 days | None | |
| | | | | <u>Investment Maturity in Years</u> | | |
| | | | | <u>Less than 1 Year</u> | <u>1 - 5</u> | <u>More than 5 Years</u> |
| <u>Other Investments</u> | | | | | | |
| U.S. Government | | | | | | |
| Backed Securities | \$ 3,097,090 | Level 2 | AA+ | \$ 1,800,000 | \$ 1,297,090 | \$ - |
| Less: reconciling items | (2,677) | | | <u>\$ 1,800,000</u> | <u>\$ 1,297,090</u> | <u>\$ -</u> |
| Total Investments | <u>\$ 3,516,285</u> | | | | | |

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

The Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities to invest their public funds through the investment pools.

TexSTAR is administered by JP Morgan Investment Management, Inc. and First Southwest and is rated AAAM by Standard and Poor's.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to decline in fair value of securities by limiting the City to securities with maturities not to exceed 36 months from date of purchase. The City also manages the weighted average days to maturity for the operating funds portfolio to less than 270 days, and the reserve, special project and capital project funds to less than 365 days. The CEDC limits weighted average days to maturity for the operating funds portfolio to less than 270 days.

The City and its component unit invest in the public funds investment pools listed above, which have specified maximum weighted average maturities for their investment portfolios. The maximum weighted average maturity (WAM) of TexPool investment portfolios cannot exceed 60 days. TexSTAR also maintains a portfolio maximum WAM of 60 days.

Credit Risk. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2018, the City's investments in TexPool and TexSTAR were both rated AAAM by Standard & Poor's.

| Investment | Maximum % of Portfolio |
|---|---------------------------|
| U.S. Treasury Obligations | 100% |
| U.S. Government Agency Securities and Instrumentalities | 100% |
| Authorized Local Government Investment Pool | 100% |
| Local Government Obligations | 10% |
| Fully Collateralized Certificates of Deposit | 50% |
| Fully Collateralized Repurchase Agreements | 25% |
| SEC-Regulated No-Load Money Market Mutual Fund | 100% |
| U.S. Treasury and Agency Callables | 30% |

Capital Assets

A summary of changes in capital assets follows:

| | Beginning Balance | Additions | Transfers | Deletions | Ending Balance |
|---|----------------------|---------------------|--------------------|------------------|----------------------|
| Governmental activities | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 2,595,762 | \$ 3,533,344 | \$ - | \$ - | \$ 6,129,106 |
| Construction in progress | 9,287,274 | 2,333,151 | (8,716,388) | - | 2,904,037 |
| Total assets not being depreciated | <u>11,883,036</u> | <u>5,866,495</u> | <u>(8,716,388)</u> | <u>-</u> | <u>9,033,143</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 6,740,369 | 1,902,975 | 8,716,388 | - | 17,359,732 |
| Machinery and equipment | 11,082,178 | 1,022,952 | - | 1,044,912 | 11,060,218 |
| Infrastructure | 97,157,619 | 144,411 | - | - | 97,302,030 |
| Total capital assets being depreciated | <u>114,980,166</u> | <u>3,070,338</u> | <u>8,716,388</u> | <u>1,044,912</u> | <u>125,721,980</u> |
| Less accumulated depreciation | | | | | |
| Buildings | 2,639,822 | 283,178 | - | - | 2,923,000 |
| Machinery and equipment | 6,342,813 | 1,003,335 | - | 956,619 | 6,389,529 |
| Infrastructure | 64,606,997 | 2,956,465 | - | - | 67,563,462 |
| Total accumulated depreciation | <u>73,589,632</u> | <u>4,242,978</u> | <u>-</u> | <u>956,619</u> | <u>76,875,991</u> |
| Total capital assets being depreciated, net | <u>41,390,534</u> | <u>(1,172,640)</u> | <u>8,716,388</u> | <u>88,293</u> | <u>48,845,989</u> |
| Governmental activities capital assets, net | <u>\$ 53,273,570</u> | <u>\$ 4,693,855</u> | <u>\$ -</u> | <u>\$ 88,293</u> | <u>\$ 57,879,132</u> |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|---------------------|------------------|----------------------|
| Business-type activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 524,330 | \$ - | \$ - | \$ 524,330 |
| Construction in progress | 34,750 | 464,723 | - | 499,473 |
| Total assets not being depreciated | <u>559,080</u> | <u>464,723</u> | <u>-</u> | <u>1,023,803</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 252,345 | - | - | 252,345 |
| Machinery and equipment | 1,661,688 | 89,368 | 230,382 | 1,520,674 |
| Infrastructure | 48,950,407 | 864,790 | 115,619 | 49,699,578 |
| Total capital assets being depreciated | <u>50,864,440</u> | <u>954,158</u> | <u>346,001</u> | <u>51,472,597</u> |
| being depreciated | | | | |
| Less accumulated depreciation: | | | | |
| Buildings | 154,728 | 6,566 | - | 161,294 |
| Machinery and equipment | 1,316,054 | 94,115 | 230,382 | 1,179,787 |
| Infrastructure | 17,854,781 | 2,143,393 | 76,650 | 19,921,524 |
| Total accumulated depreciation | <u>19,325,563</u> | <u>2,244,074</u> | <u>307,032</u> | <u>21,262,605</u> |
| Total capital assets being depreciated, net | <u>31,538,877</u> | <u>(1,289,916)</u> | <u>38,969</u> | <u>30,209,992</u> |
| Business activities capital assets net | <u>\$ 32,097,957</u> | <u>\$ (825,193)</u> | <u>\$ 38,969</u> | <u>\$ 31,233,795</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | | |
|---|--|---------------------|
| Governmental activities | | |
| Public safety | | \$ 912,544 |
| Community services | | 143,994 |
| Public works | | 2,958,634 |
| Planning and community development | | 5,281 |
| City administration | | 222,525 |
| Total depreciation expense - Governmental activities | | <u>\$ 4,242,978</u> |
| Business-type activities | | |
| Water and sewer | | \$ 1,940,308 |
| Storm drainage | | 303,766 |
| Total depreciation expense - Business-type activities | | <u>\$ 2,244,074</u> |

Interfund Transfers

The composition of interfund transfers in/out as of September 30, 2018, is as follows:

| Fund | Transfers In | Transfers Out | Purpose |
|---------------------------------|---------------------|---------------------|---|
| General | \$ 830,131 | \$ 1,038,089 | Administrative Transfer, Contributions to Vehicle and Equipment Replacement |
| Debt service | 2,916 | - | Close out Fund |
| 2016 CO | 500,000 | 1,376,258 | Capital Projects Reallocation |
| 2017 CO | 98,870 | 1,500,000 | Capital Projects Reallocation |
| Nonmajor govt | 682,706 | 573,835 | Contributions to Capital Projects/Budgetary Transfers |
| Water and Sewer | 2,009,294 | 2,132,837 | Administrative Transfer, Capital Improvements |
| | | | Reallocation, Equipment Replacement |
| Storm Drainage | 117,563 | 492,038 | Administrative Transfer, Capital Improvements |
| | | | Reallocation, Vehicle and Equipment Replacement |
| Reported in the fund statements | 4,241,480 | 7,113,057 | |
| Transfer of bonds | 2,871,577 | - | Transfer of bonds payable and premium from governmental activities to Water and Sewer |
| | <u>\$ 7,113,057</u> | <u>\$ 7,113,057</u> | |

Long-term Obligations

Long-term obligations of the City's governmental activities consist of general obligation bonds and certificates of obligation. Sources of retirement of general obligation bond and certificates of obligation are provided from ad valorem tax. Governmental activities long-term obligations are paid by the debt service fund.

Long-term obligations of the City's business-type activities consist of general obligation bonds and certificates of obligation. Business-type activities long-term obligations are serviced by revenue from the Water and Sewer and Storm Drainage systems.

Compensated absences and net pension liability are paid from the fund out of which an employee is regularly paid, primarily the General Fund, Water and Sewer Fund, Storm Drainage Fund and CEDC.

Governmental activity capital lease payments are currently being made from the LCFD Vehicle and Equipment Replacement Fund.

The following is a summary of changes in long-term obligations for the year ended September 30, 2018:

| | Beginning Balance | Transfers/ Additions | Retirements | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|-------------------------|-----------------------|----------------------|------------------------|
| Governmental activities | | | | | |
| Certificates of obligation | \$ 18,335,001 | \$ (2,800,000) | \$ (65,000) | \$ 15,470,001 | \$ 90,731 |
| General obligation bonds | 7,809,873 | - | (1,146,465) | 6,663,408 | 1,204,797 |
| Bond premiums/discounts (net) | 2,730,708 | (71,577) | (194,540) | 2,464,591 | 194,540 |
| Compensated absences | 1,032,567 | 921,727 | (994,429) | 959,865 | 149,067 |
| Capital lease obligation | 1,381,618 | - | (164,320) | 1,217,298 | 165,881 |
| Net pension liability | 6,872,266 | - | (2,163,493) | 4,708,773 | - |
| Total OPEB liability | 232,583 | 49,048 | - | 281,631 | - |
| Total governmental activities | <u>\$ 38,394,616</u> | <u>\$ (1,900,802)</u> | <u>\$ (4,728,247)</u> | <u>\$ 31,765,567</u> | <u>\$ 1,805,016</u> |
| Business-type activities | | | | | |
| Certificates of obligation | \$ - | \$ 2,800,000 | \$ - | \$ 2,800,000 | \$ 9,269 |
| General obligation bonds | 7,885,126 | - | (1,083,531) | 6,801,595 | 1,010,203 |
| Bond premiums/discounts (net) | 1,162,200 | 71,577 | (123,074) | 1,110,703 | 123,074 |
| Compensated absences | 84,887 | 131,286 | (111,436) | 104,737 | 23,958 |
| Net pension liability | 903,203 | - | (270,429) | 632,774 | - |
| Total OPEB liability | 29,079 | 6,133 | - | 35,212 | - |
| Total business type activities | <u>10,064,495</u> | <u>3,008,996</u> | <u>(1,588,470)</u> | <u>11,485,021</u> | <u>1,166,504</u> |
| Primary government | <u>\$ 48,459,111</u> | <u>\$ 1,108,194</u> | <u>\$ (6,316,717)</u> | <u>\$ 43,250,588</u> | <u>\$ 2,971,520</u> |
| CEDC | | | | | |
| Compensated absences | \$ 8,551 | \$ - | \$ (315) | \$ 8,236 | \$ 8,236 |
| Net pension liability | 85,051 | - | (27,202) | 57,849 | - |
| Total OPEB liability | 2,937 | 619 | - | 3,556 | - |
| CEDC | <u>\$ 96,539</u> | <u>\$ 619</u> | <u>\$ (27,517)</u> | <u>\$ 69,641</u> | <u>\$ 8,236</u> |

The following is a schedule of the General Obligation and Certificates of Obligation bonds:

| | Date of Issue | Amount of Original Issue | Interest Rate | Maturity Date | Governmental Amount Outstanding 9/30/2018 | Business Type Amount Outstanding 9/30/2018 |
|----------------------------|------------------|--------------------------------|------------------|------------------|--|---|
| Certificates of Obligation | 4/15/2010 | 1,500,000 | 1.95%-3.35% | 2/15/2020 | \$ 140,000 | \$ - |
| Certificates of Obligation | 4/21/2016 | 13,275,000 | 2.00%-5.00% | 2/15/2036 | 11,975,000 | 1,300,000 |
| General Obligation | 4/21/2016 | 1,510,000 | 2.00% | 2/15/2020 | 881,400 | 248,600 |
| General Obligation | 7/6/2017 | 14,240,000 | 2.00%-5.00% | 2/15/2027 | 5,782,009 | 6,552,995 |
| Certificates of Obligation | 7/6/2017 | 4,855,000 | 2.00%-5.00% | 2/15/2037 | 3,355,000 | 1,500,000 |
| | | | | | <u>\$ 22,133,409</u> | <u>\$ 9,601,595</u> |

The annual requirements to retire general long-term debt, including interest, as of September 30, 2018 are as follows:

| Fiscal Year | Principal | Interest | Total Requirements |
|----------------|----------------------|---------------------|-----------------------|
| 2019 | \$ 1,295,528 | \$ 914,829 | \$ 2,210,357 |
| 2020 | 1,531,162 | 864,807 | 2,395,969 |
| 2021 | 1,243,189 | 817,491 | 2,060,680 |
| 2022 | 1,232,984 | 764,649 | 1,997,633 |
| 2023 | 1,291,627 | 703,002 | 1,994,629 |
| 2024-2028 | 6,702,000 | 2,540,015 | 9,242,015 |
| 2029-2033 | 5,050,779 | 1,234,159 | 6,284,938 |
| 2034-2037 | 3,786,140 | 237,072 | 4,023,212 |
| Total | <u>\$ 22,133,409</u> | <u>\$ 8,076,024</u> | <u>\$ 30,209,433</u> |

The annual requirements to retire enterprise activity debt, including interest, as of September 30, 2018 are as follows:

| Fiscal Year | Principal | Interest | Total Requirements |
|----------------|---------------------|---------------------|-----------------------|
| 2019 | \$ 1,019,472 | \$ 418,076 | \$ 1,437,548 |
| 2020 | 843,838 | 376,373 | 1,220,211 |
| 2021 | 791,811 | 339,596 | 1,131,407 |
| 2022 | 757,016 | 302,339 | 1,059,355 |
| 2023 | 793,373 | 264,236 | 1,057,609 |
| 2024-2028 | 3,763,000 | 701,248 | 4,464,248 |
| 2029-2033 | 899,221 | 214,254 | 1,113,475 |
| 2034-2037 | 733,864 | 47,421 | 781,285 |
| Total | <u>\$ 9,601,595</u> | <u>\$ 2,663,543</u> | <u>\$ 12,265,138</u> |

Capital Leases Payable

The City leases various equipment under capital lease. The following is an analysis of the leased assets included in capital assets at September 30, 2018:

| | |
|-------------------------------|---------------------|
| Equipment | \$ 1,742,451 |
| Less accumulated depreciation | <u>(459,989)</u> |
| Net value | <u>\$ 1,282,462</u> |

The following is a schedule of future minimum payments required under the leases with its present value as of September 30, 2018:

| <u>Year Ending</u> | |
|---|----------------------------|
| 2019 | \$ 202,251 |
| 2020 | 202,251 |
| 2021 | 202,251 |
| 2022 | 202,251 |
| 2023 | 202,251 |
| 2024-2028 | <u>365,263</u> |
| Total minimum lease payments | 1,376,518 |
| Less amount representing interest | <u>(159,220)</u> |
| Present value of minimum lease payments | <u><u>\$ 1,217,298</u></u> |

Note 7 - Defined Benefit Pension Plan

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

At the December 31, 2017 valuation and measurement date, membership data for the pension plan is as follows:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 74 |
| Inactive employees entitled to but not yet receiving benefits | 110 |
| Active employees | <u>143</u> |
| Total | <u>327</u> |

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.39% and 15.8% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$1,489,711, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions: The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|---|
| Inflation | 2.50% per year |
| Overall payroll growth | 3.00% per year |
| Investment rate of return | 6.75% net of pension plan investment expense, including inflati |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without and adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|----------------------|---|
| U.S. Equities | 17.50% | 4.55% |
| International Equity | 17.50% | 6.35% |
| Core Fixed Income | 10.00% | 1.00% |
| Non-Core Fixed Income | 20.00% | 3.90% |
| Real Return | 10.00% | 3.80% |
| Real Estate | 10.00% | 4.50% |
| Absolute Return | 10.00% | 3.75% |
| Private Equity | 5.00% | 7.50% |
| Total | 100.00% | |

Discount Rate: The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|--|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/ Asset (a) - (b) |
| Entity-Wide | | | |
| Balance at 12/31/2016 | \$ 36,270,726 | \$ 28,410,206 | \$ 7,860,520 |
| Changes for the year: | | | |
| Service cost | 1,674,666 | | 1,674,666 |
| Interest | 2,468,757 | | 2,468,757 |
| Changes of benefit terms | - | | - |
| Difference between expected and actual experience | (628,235) | | (628,235) |
| Changes of assumptions | - | | - |
| Contributions - employer | | 1,412,999 | (1,412,999) |
| Contributions - employee | | 642,690 | (642,690) |
| Net investment income | | 3,942,063 | (3,942,063) |
| Benefit payments, including refunds of contributions | (1,067,764) | (1,067,764) | - |
| Administrative expense | | (20,406) | 20,406 |
| Other changes | | (1,034) | 1,034 |
| Net changes | 2,447,424 | 4,908,548 | (2,461,124) |
| Balance at 12/31/2017 | \$ 38,718,150 | \$ 33,318,754 | \$ 5,399,396 |

| | Increase (Decrease) | | |
|--|----------------------|----------------------|---------------------|
| | Total Pension | Plan | Net Pension |
| | Liability | Fiduciary | Liability/ |
| Primary Government | (a) | Net Position | (Asset) |
| | (a) | (b) | (a) - (b) |
| Balance at 12/31/2016 | \$ 35,882,122 | \$ 28,105,820 | \$ 7,776,303 |
| Changes for the year: | | | |
| Service cost | 1,656,724 | | 1,656,724 |
| Interest | 2,442,307 | | 2,442,307 |
| Changes of benefit terms | - | | - |
| Difference between expected and actual experience | (621,504) | | (621,504) |
| Changes of assumptions | - | | - |
| Contributions - employer | | 1,397,860 | (1,397,860) |
| Contributions - employee | | 635,804 | (635,804) |
| Net investment income | | 3,899,828 | (3,899,828) |
| Benefit payments, including refunds of contributions | (1,056,324) | (1,056,324) | - |
| Administrative expense | | (20,187) | 20,187 |
| Other changes | | (1,023) | 1,023 |
| Net changes | 2,421,202 | 4,855,958 | (2,434,756) |
| Balance at 12/31/2017 | <u>\$ 38,303,325</u> | <u>\$ 32,961,778</u> | <u>\$ 5,341,547</u> |

| | Increase (Decrease) | | |
|--|---------------------|-------------------|------------------|
| | Total Pension | Plan | Net Pension |
| | Liability | Fiduciary | Liability/ |
| CEDC | (a) | Net Position | (Asset) |
| | (a) | (b) | (a) - (b) |
| Balance at 12/31/2016 | \$ 388,604 | \$ 304,386 | \$ 84,217 |
| Changes for the year: | | | |
| Service cost | 17,942 | | 17,942 |
| Interest | 26,450 | | 26,450 |
| Changes of benefit terms | - | | - |
| Difference between expected and actual experience | (6,731) | | (6,731) |
| Changes of assumptions | - | | - |
| Contributions - employer | | 15,139 | (15,139) |
| Contributions - employee | | 6,886 | (6,886) |
| Net investment income | | 42,235 | (42,235) |
| Benefit payments, including refunds of contributions | (11,440) | (11,440) | - |
| Administrative expense | | (219) | 219 |
| Other changes | | (11) | 11 |
| Net changes | 26,222 | 52,590 | (26,368) |
| Balance at 12/31/2017 | <u>\$ 414,825</u> | <u>\$ 356,976</u> | <u>\$ 57,849</u> |

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|--------------------------------------|--|--------------------------|--|
| City's net pension liability (asset) | \$ 12,287,827 | \$ 5,399,396 | \$ (109,490) |
| Reported by Governmental Activities | 10,716,122 | 4,708,773 | (95,485) |
| Reported by Business-Type Activities | 1,440,053 | 632,774 | (12,832) |
| Reported by Component Unit, CEDC | 131,651 | 57,849 | (1,173) |
| | <u>\$ 12,287,827</u> | <u>\$ 5,399,396</u> | <u>\$ (109,490)</u> |

Pension Plan Fiduciary Net Position: Detailed information out the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of \$1,375,798.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Entity-Wide | | Primary Government | | CEDC | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual economic experience | \$ 248,632 | \$ 751,490 | \$ 245,962 | \$ 743,439 | \$ 2,670 | \$ 8,051 |
| Changes in actual assumptions | - | 117,198 | - | 115,942 | - | 1,256 |
| Difference between projected and actual investment earnings | - | 899,881 | - | 889,524 | - | 10,357 |
| Contributions subsequent to the measurement date | 1,096,016 | - | 1,084,273 | - | 11,743 | - |
| Total | <u>\$ 1,344,648</u> | <u>\$ 1,768,569</u> | <u>\$ 1,330,235</u> | <u>\$ 1,748,905</u> | <u>\$ 14,413</u> | <u>\$ 19,664</u> |

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019 in the amount of \$1,096,016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended September 30: | Entity-Wide | Primary Govt | CEDC |
|-----------------------------|-----------------------|-----------------------|--------------------|
| 2019 | \$ (228,686) | \$ (226,129) | \$ (2,557) |
| 2020 | (275,099) | (272,023) | (3,076) |
| 2021 | (523,815) | (517,958) | (5,857) |
| 2022 | (492,337) | (486,833) | (5,504) |
| Thereafter | - | - | - |
| | <u>\$ (1,519,937)</u> | <u>\$ (1,502,943)</u> | <u>\$ (16,994)</u> |

Note 8 - Other Post Employment Benefits

Plan Description

The City also participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree employees, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. Texas Local Government Code Section 177.001 assigns the authority to establish and amend benefit provisions to the City Council. At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 48 |
| Inactive employees entitled to but not yet receiving benefits | 23 |
| Active employees | 143 |
| Total | 214 |

Contributions

The City contributes to the SDBF program at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The SDBF program is voluntary and employers can cease participation by adopting an ordinance before November 1 of any year to be effective the following January 1. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers. The City's contribution, which equaled the required contribution, was as follows for the year ended September 30:

| | |
|------------------------|-----------|
| | 2018 |
| Employer rate | 0.11% |
| Employer contributions | \$ 10,372 |

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

| | |
|------------------|-------------------------------------|
| Inflation | 2.5% |
| Salary increases | 3.50% to 10.5%, including inflation |
| Discount rate | 3.31% |

Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a three-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future

mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. A discount rate of 3.31% was based on the 20-Year Municipal GO AA Index as of December 31, 2017.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2018, the City reported a total OPEB liability of \$320,399 measured at December 31, 2017. For the year ended September 30, 2018, the City recognized OPEB expense of \$33,032.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the total OPEB liability for the measurement year ended December 31, 2017 are as follows:

| Changes in Total OPEB Liability | Total OPEB Liability | | |
|---|----------------------|--------------------|-----------------|
| | Entity-Wide | Primary Government | CEDC |
| Balance at December 31, 2016 | \$ 264,599 | \$ 261,662 | \$ 2,937 |
| Changes for the year: | | | |
| Service cost | 18,363 | 18,159 | 204 |
| Interest on total OPEB liability | 10,314 | 10,200 | 114 |
| Changes of benefit terms | - | - | - |
| Effect of economic/demographic experience | - | - | - |
| Effect of assumption changes or inputs | 28,959 | 28,638 | 321 |
| Benefit payments* | (1,836) | (1,816) | (20) |
| Balance as of December 31, 2017 | <u>\$ 320,399</u> | <u>\$ 316,843</u> | <u>\$ 3,556</u> |

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or 1 percentage point higher (4.31%) than the current rate.

| | 1% Decrease in Discount Rate (2.31%) | Discount Rate (3.31%) | 1% Increase in Discount Rate (4.31%) |
|--------------------------------------|--|--------------------------|--|
| City's total OPEB liability | \$ 396,035 | \$ 320,399 | \$ 262,870 |
| Reported by Governmental Activities | 348,115 | 281,631 | 231,063 |
| Reported by Business-Type Activities | 43,524 | 35,212 | 28,890 |
| Reported by Component Unit, CEDC | 4,396 | 3,556 | 2,917 |
| | <u>\$ 396,035</u> | <u>\$ 320,399</u> | <u>\$ 262,870</u> |

At December 31, 2017, the City reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | | |
|---|--------------------------------|-----------------------|---------------|
| | Entity-Wide | Primary Government | CEDC |
| Differences between expected and actual economic experience | \$ - | \$ - | \$ - |
| Changes in actual assumptions | 24,604 | 24,332 | 272 |
| Difference between projected and actual investment earnings | - | - | - |
| Contributions subsequent to the measurement date | 8,264 | 8,172 | 92 |
| Total | <u>\$ 32,868</u> | <u>\$ 32,504</u> | <u>\$ 364</u> |

Deferred outflows of resources related to OPEB resulting from contribution subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2019 in the amount of \$8,264. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

| Year Ended September 30: | Entity-Wide | Primary Govt | CEDC |
|-----------------------------|------------------|------------------|---------------|
| 2019 | \$ 4,355 | \$ 4,307 | \$ 48 |
| 2020 | 4,355 | 4,307 | 48 |
| 2021 | 4,355 | 4,307 | 48 |
| 2022 | 4,355 | 4,307 | 48 |
| 2023 | 4,355 | 4,307 | 48 |
| Thereafter | 2,829 | 2,797 | 32 |
| | <u>\$ 24,604</u> | <u>\$ 24,332</u> | <u>\$ 272</u> |

Note 9 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining workers compensation and property and liability insurance through Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool ("Pool") is considered a self-sustaining risk pool that provides coverage for its members. The City's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the City. The Pool's liability is limited to the coverage that the City elects as stated in the Pool's Declarations of Coverage for that fund year. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

Note 10 - Commitments and Contingencies

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

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$15,669,082.

Upper Trinity Regional Water District (UTRWD)

On November 13, 1990, the City entered into a 30-year contract with Upper Trinity Regional Water District (UTRWD) and other participating political members to develop a regional water system for providing retail utility service to the Denton County area.

The contract included, among other things, a commitment by the City to 2.0 million gallons of water per day demand. On February 4, 1999 the City amended the contract with Upper Trinity to increase the demand from 2.0 million gallons per day to 5.5 million gallons per day. On September 2, 1999, due to continued growth, the City entered into the third contract amendment with Upper Trinity increasing the demand to 7.5 million gallons per day. The City also currently maintains a contract with the Upper Trinity Regional Water District for treatment of wastewater flows up to 1.608 million gallons per day.

The current demand capacity of 7.5 million gallons per day provides the City with three (3) weighted votes as a member of the Upper Trinity Board. The City has one appointed member to the Upper Trinity Board of Directors and one appointed member to the Upper Trinity Customer Advisory Committee. Under agreements with the UTRWD, all participating and contract entities share in the cost of administering the District and in the cost of planning for future programs and services of the District.

Note 11 - Accounting Changes

Adoption of New Standard

As of October 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard requires governments calculate and report the cost, obligations, deferred outflows of resources, and deferred inflow of resources associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to adopt GASB Statement No. 75 and retroactively report the beginning total OPEB liability.

Corrections of Errors

In prior years, the City did not allocate a portion of its net pension liability to its component unit, Corinth Economic Development Corporation (CEDC.) In addition, the City discovered an error in accruing revenue in the general fund and in governmental activities in fiscal year 2017 that was for the fiscal year 2018. As a result, beginning net position and fund balance were restated to allocate a portion of the net pension liability to CEDC and to correct the accrual of revenue.

The impact of the adoption of the new standard and the correction of errors is as follows:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Corinth Economic Development Corporation</u> |
|--|------------------------------------|-------------------------------------|---|
| Net position at September 30, 2017, as previously reported | \$ 40,954,292 | \$ 28,284,689 | \$ 3,603,623 |
| Adoption of New Standard | | | |
| Add total OPEB liability under GASB Statement No. 75 at October 1, 2017 | (232,583) | (29,079) | (2,937) |
| Correction of Errors | | | |
| Allocate net pension liability | 85,051 | - | (85,051) |
| Allocate deferred outflows - pension | (26,494) | - | 26,494 |
| Allocate deferred inflows - pension | 5,803 | - | (5,803) |
| Correct error in revenue reported in the prior year | (156,913) | - | - |
| Net position at October 1, 2017 as restated | <u>\$ 40,629,156</u> | <u>\$ 28,255,610</u> | <u>\$ 3,536,326</u> |
| | | | |
| | <u>General Fund</u> | <u>Water and Sewer Fund</u> | <u>Storm Drainage Fund</u> |
| Fund balance/Net position at September 30, 2017, as previously reported | \$ 5,438,806 | \$ 24,531,722 | \$ 3,752,967 |
| Adoption of New Standard | | | |
| Add total OPEB liability under GASB Statement No. 75 at October 1, 2017 | - | (26,989) | (2,090) |
| Correction of Errors | | | |
| Correct error in revenue reported in the prior year | (156,913) | - | - |
| Fund balance/Net position at October 1, 2017, as restated | <u>\$ 5,281,893</u> | <u>\$ 24,504,733</u> | <u>\$ 3,750,877</u> |

REQUIRED SUPPLEMENTARY INFORMATION

City of Corinth, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 8,415,105 | \$ 8,415,105 | \$ 8,407,599 | \$ (7,506) |
| Sales | 1,430,981 | 1,430,981 | 1,609,767 | 178,786 |
| Franchise | 1,128,227 | 1,128,227 | 1,120,653 | (7,574) |
| Utility fees | 17,500 | 17,500 | 24,719 | 7,219 |
| Traffic fines and forfeitures | 705,268 | 705,268 | 722,634 | 17,366 |
| Development fees and permits | 751,334 | 751,334 | 710,434 | (40,900) |
| Police fees and permits | 28,450 | 28,450 | 22,158 | (6,292) |
| Parks and recreation fees | 164,874 | 164,874 | 167,604 | 2,730 |
| Fire services | 2,711,950 | 2,711,950 | 2,748,660 | 36,710 |
| Donations | 11,750 | 11,750 | - | (11,750) |
| Interest income | 37,000 | 37,000 | 123,266 | 86,266 |
| Miscellaneous income | 114,033 | 114,033 | 61,502 | (52,531) |
| Charges for services | 562,890 | 562,890 | 564,514 | 1,624 |
| Total revenues | <u>16,079,362</u> | <u>16,079,362</u> | <u>16,283,510</u> | <u>204,148</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 10,708,060 | 10,388,027 | 9,965,972 | 422,055 |
| Community services | 1,451,909 | 1,451,909 | 1,366,918 | 84,991 |
| Public works | 798,782 | 798,782 | 751,837 | 46,945 |
| Planning and community development | 1,073,042 | 1,073,042 | 985,423 | 87,619 |
| City administration | 2,187,829 | 2,039,114 | 1,957,650 | 81,464 |
| Finance and administrative services | 1,035,221 | 984,409 | 893,640 | 90,769 |
| Total expenditures | <u>17,254,843</u> | <u>16,735,283</u> | <u>15,921,440</u> | <u>813,843</u> |
| Excess (Deficiency) of Revenues over (under) Expenditures | <u>(1,175,481)</u> | <u>(655,921)</u> | <u>362,070</u> | <u>1,017,991</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (718,474) | (1,038,089) | (1,038,089) | - |
| Transfers in | 830,131 | 830,131 | 830,131 | - |
| Total Financing Sources (Uses) | <u>111,657</u> | <u>(207,958)</u> | <u>(207,958)</u> | <u>-</u> |
| Net Change in Fund Balance | (1,063,824) | (863,879) | 154,112 | 1,017,991 |
| Fund Balance - October 1 (Beginning), as restated | <u>5,281,893</u> | <u>5,281,893</u> | <u>5,281,893</u> | <u>-</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 4,218,069</u> | <u>\$ 4,418,014</u> | <u>\$ 5,436,005</u> | <u>\$ 1,017,991</u> |

City of Corinth, Texas
Schedule of Changes in Net Pension Liability and Related Ratios –
Texas Municipal Retirement System (Exhibit B-2)
Year Ended September 30, 2018

| | Year Ended December 31, 2017 | Year Ended December 31, 2016 | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Total Pension Liability | | | | |
| Service cost | \$ 1,674,666 | \$ 1,636,649 | \$ 1,614,486 | \$ 1,444,400 |
| Interest on total pension liability | 2,468,757 | 2,244,189 | 2,163,512 | 1,994,674 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience | (628,235) | 409,560 | (356,486) | (293,384) |
| Change of assumptions | - | - | (252,429) | - |
| Benefit payments/refunds of contributions | (1,067,764) | (897,171) | (783,303) | (854,227) |
| Net change in total pension liability | <u>2,447,424</u> | <u>3,393,227</u> | <u>2,385,780</u> | <u>2,291,463</u> |
| Total pension liability, beginning | <u>36,270,726</u> | <u>32,877,499</u> | <u>30,491,719</u> | <u>28,200,256</u> |
| Total pension liability, ending (a) | <u><u>\$ 38,718,150</u></u> | <u><u>\$ 36,270,726</u></u> | <u><u>\$ 32,877,499</u></u> | <u><u>\$ 30,491,719</u></u> |
| Fiduciary Net Position | | | | |
| Contributions - Employer | \$ 1,412,999 | \$ 1,372,064 | \$ 1,415,503 | \$ 1,209,444 |
| Contributions - Employee | 642,690 | 650,021 | 648,976 | 604,376 |
| Net investment income | 3,942,063 | 1,730,262 | 35,841 | 1,263,034 |
| Benefit payments/refunds of contributions | (1,067,764) | (897,171) | (783,303) | (854,227) |
| Administrative expenses | (20,406) | (19,521) | (21,823) | (13,183) |
| Other | (1,034) | (1,052) | (1,078) | (1,084) |
| Net change in fiduciary net position | <u>4,908,548</u> | <u>2,834,603</u> | <u>1,294,116</u> | <u>2,208,360</u> |
| Fiduciary net position, beginning | <u>28,410,206</u> | <u>25,575,603</u> | <u>24,281,487</u> | <u>22,073,127</u> |
| Fiduciary net position, ending (b) | <u><u>\$ 33,318,754</u></u> | <u><u>\$ 28,410,206</u></u> | <u><u>\$ 25,575,603</u></u> | <u><u>\$ 24,281,487</u></u> |
| Net pension liability (asset), ending = (a) - (b) | <u><u>5,399,396</u></u> | <u><u>7,860,520</u></u> | <u><u>7,301,896</u></u> | <u><u>6,210,232</u></u> |
| Fiduciary net position as a percentage of total pension liability | 86.05% | 78.33% | 77.79% | 79.63% |
| Pensionable covered payroll | \$ 9,181,285 | \$ 8,967,939 | \$ 9,252,068 | \$ 8,633,945 |
| Net pension liability as a percentage of covered payroll | 58.81% | 87.65% | 78.92% | 71.93% |

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31. Plan information was unavailable prior to 2014. Ten years will ultimately be displayed.

City of Corinth, Texas
 Schedule of Employer Contributions – Texas Municipal Retirement System (Exhibit B-3)
 Year Ended September 30, 2018

| Year Ending September 30, | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Pensionable Covered Payroll | Actual Contribution as a Percentage of Covered Payroll |
|------------------------------|---|------------------------------------|--|-----------------------------------|--|
| 2014 | \$ 1,188,806 | \$ 1,188,806 | \$ - | \$ 8,633,945 | 13.77% |
| 2015 | 1,326,450 | 1,326,450 | - | 8,806,738 | 15.06% |
| 2016 | 1,380,260 | 1,380,260 | - | 9,118,563 | 15.14% |
| 2017 | 1,400,433 | 1,400,433 | - | 8,994,707 | 15.57% |
| 2018 | 1,489,711 | 1,489,711 | - | 9,428,968 | 15.80% |

Note: The information from this schedule corresponds with the City's fiscal years ended September 30. Plan information was unavailable prior to 2014. Ten years will ultimately be displayed.

City of Corinth, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios –
Supplemental Death Benefits Plan (Exhibit B-4)
Year Ended September 30, 2018

| | Year Ended December 31, 2017 |
|---|------------------------------------|
| Total OPEB Liability | |
| Service cost | \$ 18,363 |
| Interest on total OPEB liability | 10,314 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Change of assumptions | 28,959 |
| Benefit payments/refunds of contributions | (1,836) |
| Net change in total OPEB liability | 55,800 |
| Total OPEB liability, beginning | 264,599 |
| Total OPEB liability, ending (a) | \$ 320,399 |
| Pensionable covered payroll | \$ 9,181,285 |
| Net pension liability as a percentage of covered payroll | 3.49% |

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31. Plan information was unavailable prior to 2017. Ten years will ultimately be displayed.

No assets are accumulated in a trust as defined by GASB 75. Benefits are on a pay as you go basis.

Note A - Net Pension Liability – Texas Municipal Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

| | |
|--------------------------------------|--|
| Valuation date | Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later. |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 26 years |
| Asset valuation method | 10-year smoothed market; 15% soft corridor |
| Inflation | 2.5% |
| Salary increases | 3.50% to 10.5%, including inflation |
| Investment rate of return | 6.75% |
| Retirement age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the 2010 – 2014. |
| Mortality | RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Note B: Total OPEB Liability – Texas Municipal Retirement System

The following methods and assumptions were used to determine contribution rates:

| | |
|------------------------------|--|
| Valuation date | Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later. |
| Actuarial cost method | Entry age normal |
| Inflation | 2.5% |
| Salary increases | 3.50% to 10.5%, including inflation |
| Retirement age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the 2010 – 2014. |
| Mortality | RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |

Note C: Budgetary Process

The official budget was prepared for adoption for the General Fund. The following procedures are followed in establishing the budgetary data reflected in the required supplementary information:

- a. Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.
- c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.
- d. Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council.
- e. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end.
- f. No significant budget amendments occurred during the year ended September 30, 2018.
- g. All budget appropriations lapse at year end.

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COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for a particular purpose.

- The Crime Control and Prevention District Fund is the blended component unit described previously. All revenues and expenditures related to the \$.0025 sales tax are recorded in this fund.
- The Street Maintenance Fund accounts for the receipt of a \$.0025 special purpose sales tax and related expenditures.
- Hotel-Motel Tax Fund accounts for hotel-motel tax collected and used to enhance and promote tourism.
- The Keep Corinth Beautiful Fund was created to account for the donations, contributions and payments associated with beautification programs within the city.
- County Child Safety Fund was created by State Statute to account for the funds used for school crossing guard services and programs designed to enhance child safety, health or nutrition.
- Municipal Court Security Fund is used to account for funds restricted to provide security enhancements for the Municipal Court.
- Municipal Court Technology Fund is used to accounts for funds restricted to provide technological enhancements for the Municipal Court.
- Police Confiscation (State) Fund was created by State Statute and funds are restricted for law enforcement programs.
- Police Confiscation (Federal) Fund was created by Federal Equitable Sharing Agreement and funds are restricted for law enforcement programs.
- The Parks Development Fund was established to account for donations, contributions and payments associated with various park programs.
- The Community Park Improvement Fund accounts for funds collected from the City's Co-Sponsorship Athletic Leagues and funds are restricted for improvements to the Community Park.
- Tree Mitigation Fund was created by City Ordinance to account for payment by City Developers in lieu of adhering to the City's tree mitigation program.
- The Roadway Impact Fee Fund is used to account for the receipt and expenditure of roadway impact fees as required by the State of Texas Local Government Code Section 395.

Capital projects funds account for the acquisition and construction of the City's major capital facilities, (other than those financed by proprietary funds) and vehicle replacement funds.

- The Government Capital Projects Fund is used to account for funds and expenditures related to capital projects.
- The Vehicle Replacement Fund is used to account for funds and expenditures related to future vehicle replacements.
- The LCFD Vehicle and Equipment Replacement Fund is used to account for funds and expenditures for replacement of vehicles and equipment for the Lake Cities Fire Department.
- Technology Equipment Replacement Fund is used to account for funds and expenditures for replacement of information technology equipment.
- The Street Escrow Fund is used to account for funds and expenditures for all capital projects not specifically identified and not in the proprietary or trust funds.
- Public Property Finance Fund is used to account for Lease Proceeds per Lease agreement.
- 2016 GO Fund is used to account for the projects and funding associated with the Series 2016 General Obligation debt issue, a portion of which is dedicated to streets, infrastructure construction and improvements.
- 2017 CO Fund is used to account for the projects and funding associated with the Series 2017 Certificates of Obligation debt issue, a portion of which is dedicated to streets, infrastructure construction and improvements as well as acquiring, improving and equipping a new Public Safety Facility for the Police and Fire Departments. It also accounts for the renovation of a Public Works facility and the Lake Sharon Road Extension.

City of Corinth, Texas
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit C-1)
September 30, 2018

| | Special Revenue Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|---------------------------------|-----------------------------|------------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Assets | | | |
| Cash and cash equivalents | \$ 2,204,027 | \$ 1,055,524 | \$ 3,259,551 |
| Investments | 851,396 | 1,762,865 | 2,614,261 |
| Receivables (net of allowance) | | | |
| Sales taxes | 140,375 | - | 140,375 |
| Interest | 3,183 | 3,710 | 6,893 |
| Miscellaneous | 90,700 | - | 90,700 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 3,289,681</u> | <u>\$ 2,822,099</u> | <u>\$ 6,111,780</u> |
| Liabilities | | | |
| Accounts payable | \$ 4,224 | \$ 15,237 | \$ 19,461 |
| Accrued liabilities | 5,430 | - | 5,430 |
| Other liabilities | 700,031 | - | 700,031 |
| Unearned revenue | 7,500 | - | 7,500 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>717,185</u> | <u>15,237</u> | <u>732,422</u> |
| Fund Balances | | | |
| Restricted | 2,611,761 | - | 2,611,761 |
| Committed | 350,034 | 2,806,862 | 3,156,896 |
| Unassigned | (389,299) | - | (389,299) |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>2,572,496</u> | <u>2,806,862</u> | <u>5,379,358</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Tot resources and fund balances | <u>\$ 3,289,681</u> | <u>\$ 2,822,099</u> | <u>\$ 6,111,780</u> |

City of Corinth, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds (Exhibit C-2)
Year Ended September 30, 2018

| | Special Revenue Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|------------------------------|--|
| Revenues | | | |
| Taxes | | | |
| Sales | \$ 760,549 | \$ - | \$ 760,549 |
| Hotel occupancy tax | 61,181 | - | 61,181 |
| Escrow and impact fees | 207,711 | - | 207,711 |
| Traffic fines and forfeitures | 36,363 | - | 36,363 |
| Police fees and permits | 28,020 | - | 28,020 |
| Parks and recreation fees | 9,935 | - | 9,935 |
| Donations | 70,151 | 205,883 | 276,034 |
| Interest income | 29,358 | 30,019 | 59,377 |
| Grants | 1,576 | - | 1,576 |
| Miscellaneous income | 278,942 | - | 278,942 |
| Fire services | - | 11,989 | 11,989 |
| Total revenues | <u>1,483,786</u> | <u>247,891</u> | <u>1,731,677</u> |
| Expenditures | | | |
| Current | | | |
| Public safety | 298,064 | 355,998 | 654,062 |
| Community services | 55,054 | 6,413 | 61,467 |
| Public works | 28,158 | 106,896 | 135,054 |
| Planning and community development | - | 54,681 | 54,681 |
| City administration | 70,790 | 86,400 | 157,190 |
| Debt service | | | |
| Principal | - | 164,320 | 164,320 |
| Interest | - | 41,957 | 41,957 |
| Capital outlay | 227,030 | - | 227,030 |
| Total expenditures | <u>679,096</u> | <u>816,665</u> | <u>1,495,761</u> |
| Excess (Deficiency) of Revenues over (under) Expenditures | 804,690 | (568,774) | 235,916 |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capital assets | - | 182,498 | 182,498 |
| Transfers out | (357,413) | (216,422) | (573,835) |
| Transfers in | - | 682,706 | 682,706 |
| Total Other Financing Sources (Uses) | <u>(357,413)</u> | <u>648,782</u> | <u>291,369</u> |
| Net Change in Fund Balance | 447,277 | 80,008 | 527,285 |
| Fund Balance - October 1 (Beginning) | <u>2,125,219</u> | <u>2,726,854</u> | <u>4,852,073</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 2,572,496</u> | <u>\$ 2,806,862</u> | <u>\$ 5,379,358</u> |

| | Crime Control & Prevention | Street Maintenance | Hotel Motel Tax |
|-------------------------------------|----------------------------------|-----------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 392,319 | \$ 343,774 | \$ 166,236 |
| Investments | - | 851,396 | - |
| Receivables (net of allowance) | | | |
| Sales taxes | 65,549 | 74,826 | - |
| Interest | - | 3,183 | - |
| Miscellaneous | - | - | 4,880 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 457,868</u> | <u>\$ 1,273,179</u> | <u>\$ 171,116</u> |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 221 | \$ 400 |
| Accrued liabilities | 4,759 | - | - |
| Other liabilities | - | - | - |
| Unearned revenue | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>4,759</u> | <u>221</u> | <u>400</u> |
| Fund Balances | | | |
| Restricted | 453,109 | 1,272,958 | 170,716 |
| Committed | - | - | - |
| Unassigned | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>453,109</u> | <u>1,272,958</u> | <u>170,716</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balances | <u>\$ 457,868</u> | <u>\$ 1,273,179</u> | <u>\$ 171,116</u> |

City of Corinth, Texas
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-3)
September 30, 2018

| <u>Keep Corinth Beautiful</u> | <u>County Child Safety</u> | <u>Special Revenue</u> | <u>Municipal Court Security</u> | <u>Municipal Court Technology</u> |
|---------------------------------------|--------------------------------|----------------------------|---|---|
| \$ 29,877 | \$ 1,219 | \$ 346,017 | \$ 79,516 | \$ 45,591 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 26,746 | 59,074 | - | - |
| <u>\$ 29,877</u> | <u>\$ 27,965</u> | <u>\$ 405,091</u> | <u>\$ 79,516</u> | <u>\$ 45,591</u> |
| 971 | \$ 394 | 1,798 | \$ - | \$ - |
| - | 671 | - | - | - |
| - | - | - | - | - |
| - | - | 7,500 | - | - |
| <u>971</u> | <u>1,065</u> | <u>9,298</u> | <u>-</u> | <u>-</u> |
| 28,906 | 26,900 | 45,759 | 79,516 | 45,591 |
| - | - | 350,034 | - | - |
| - | - | - | - | - |
| <u>28,906</u> | <u>26,900</u> | <u>395,793</u> | <u>79,516</u> | <u>45,591</u> |
| <u>\$ 29,877</u> | <u>\$ 27,965</u> | <u>\$ 405,091</u> | <u>\$ 79,516</u> | <u>\$ 45,591</u> |

(continued on the following page)

| | <u>Police Confiscation- State</u> | <u>Parks Development</u> | <u>Community Park Improvement</u> |
|-------------------------------------|---|------------------------------|---|
| Assets | | | |
| Cash and cash equivalents | \$ 11,278 | \$ 324,014 | \$ 6,278 |
| Investments | - | - | - |
| Receivables (net of allowance) | | | |
| Sales taxes | - | - | - |
| Interest | - | - | - |
| Miscellaneous | - | - | - |
| Total assets | <u>\$ 11,278</u> | <u>\$ 324,014</u> | <u>\$ 6,278</u> |
| Liabilities | | | |
| Accounts payable | \$ 440 | \$ - | \$ - |
| Accrued liabilities | - | - | - |
| Other liabilities | 8,872 | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | <u>9,312</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | |
| Restricted | 1,966 | 324,014 | 6,278 |
| Committed | - | - | - |
| Unassigned | - | - | - |
| Total fund balances | <u>1,966</u> | <u>324,014</u> | <u>6,278</u> |
| Total liabilities and fund balances | <u>\$ 11,278</u> | <u>\$ 324,014</u> | <u>\$ 6,278</u> |

City of Corinth, Texas
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-3)
September 30, 2018

| Tree Mitigation | Roadway Impact Fee | Total Nonmajor Special Revenue Funds |
|--------------------|--------------------------|--|
| \$ 156,048 | \$ 301,860 | \$ 2,204,027 |
| - | - | 851,396 |
| - | - | 140,375 |
| - | - | 3,183 |
| - | - | 90,700 |
| <u>\$ 156,048</u> | <u>\$ 301,860</u> | <u>\$ 3,289,681</u> |
| \$ - | \$ - | \$ 4,224 |
| - | - | 5,430 |
| - | 691,159 | 700,031 |
| - | - | 7,500 |
| <u>-</u> | <u>691,159</u> | <u>717,185</u> |
| 156,048 | - | 2,611,761 |
| - | - | 350,034 |
| - | (389,299) | (389,299) |
| <u>156,048</u> | <u>(389,299)</u> | <u>2,572,496</u> |
| <u>\$ 156,048</u> | <u>\$ 301,860</u> | <u>\$ 3,289,681</u> |

(concluded)

| | Crime Control & Prevention | Street Maintenance | Hotel Motel Tax |
|--|----------------------------------|-----------------------|-----------------------|
| Revenues | | | |
| Taxes | | | |
| Sales | \$ 362,534 | \$ 398,015 | \$ - |
| Hotel occupancy tax | - | - | 61,181 |
| Escrow and impact fees | - | - | - |
| Traffic fines & forfeitures | - | - | - |
| Police fees & permits | - | - | - |
| Parks & recreation fees | - | - | - |
| Donations | - | - | - |
| Interest income | 3,337 | 11,951 | 1,582 |
| Grants | - | - | - |
| Miscellaneous income | - | - | - |
| Total revenues | <u>365,871</u> | <u>409,966</u> | <u>62,763</u> |
| Expenditures | | | |
| Current | | | |
| Public safety | 243,659 | - | - |
| Community services | - | - | - |
| Public works | - | 28,158 | - |
| City administration | - | - | 67,461 |
| Capital outlay | - | - | - |
| Total expenditures | <u>243,659</u> | <u>28,158</u> | <u>67,461</u> |
| Excess (Deficiency) of Revenues over (under) Expenditures | 122,212 | 381,808 | (4,698) |
| Other Financing Sources (Uses) | | | |
| Transfers out | - | (45,413) | - |
| Transfers in | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(45,413)</u> | <u>-</u> |
| Net Change in Fund Balance | 122,212 | 336,395 | (4,698) |
| Fund Balance - October 1 (Beginning) | <u>330,897</u> | <u>936,563</u> | <u>175,414</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 453,109</u> | <u>\$ 1,272,958</u> | <u>\$ 170,716</u> |

City of Corinth, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (Exhibit C-4)
Year Ended September 30, 2018

| <u>Keep Corinth Beautiful</u> | <u>County Child Safety</u> | <u>Special Revenue</u> | <u>Municipal Court Security</u> | <u>Municipal Court Technology</u> |
|---------------------------------------|--------------------------------|----------------------------|---|---|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 2,484 | 14,537 | 19,342 |
| - | 28,020 | - | - | - |
| - | - | - | - | - |
| 5,000 | - | 15,151 | - | - |
| 285 | 71 | 4,294 | 693 | 470 |
| - | - | 1,576 | - | - |
| - | - | 264,090 | - | - |
| <u>5,285</u> | <u>28,091</u> | <u>287,595</u> | <u>15,230</u> | <u>19,812</u> |
| - | 23,490 | 16,107 | - | - |
| - | - | 7,430 | 5,439 | 6,760 |
| - | - | - | - | - |
| 3,329 | - | - | - | - |
| - | - | 227,030 | - | - |
| <u>3,329</u> | <u>23,490</u> | <u>250,567</u> | <u>5,439</u> | <u>6,760</u> |
| 1,956 | 4,601 | 37,028 | 9,791 | 13,052 |
| - | - | - | - | (12,000) |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(12,000)</u> |
| 1,956 | 4,601 | 37,028 | 9,791 | 1,052 |
| <u>26,950</u> | <u>22,299</u> | <u>358,765</u> | <u>69,725</u> | <u>44,539</u> |
| <u>\$ 28,906</u> | <u>\$ 26,900</u> | <u>\$ 395,793</u> | <u>\$ 79,516</u> | <u>\$ 45,591</u> |

(continued on the following page)

| | Police Confiscation- State | Parks Development | Community Park Improvement |
|--|----------------------------------|----------------------|----------------------------------|
| Revenues | | | |
| Taxes | | | |
| Sales | \$ - | \$ - | \$ - |
| Hotel occupancy tax | - | - | - |
| Escrow and impact fees | - | - | - |
| Traffic fines & forfeitures | - | - | - |
| Police fees & permits | - | - | - |
| Parks & recreation fees | - | - | 9,935 |
| Donations | - | 50,000 | - |
| Interest income | 139 | 3,017 | 258 |
| Grants | - | - | - |
| Miscellaneous income | 14,852 | - | - |
| Total revenues | <u>14,991</u> | <u>53,017</u> | <u>10,193</u> |
| Expenditures | | | |
| Current | | | |
| Public safety | 14,808 | - | - |
| Community services | - | 8,571 | 26,854 |
| Public works | - | - | - |
| City administration | - | - | - |
| Capital outlay | - | - | - |
| Total expenditures | <u>14,808</u> | <u>8,571</u> | <u>26,854</u> |
| Excess (Deficiency) of Revenues over Expenditures | 183 | 44,446 | (16,661) |
| Other Financing Sources (Uses) | | | |
| Transfers out | - | - | - |
| Transfers in | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | 183 | 44,446 | (16,661) |
| Fund Balance - October 1 (Beginning) | <u>1,783</u> | <u>279,568</u> | <u>22,939</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 1,966</u> | <u>\$ 324,014</u> | <u>\$ 6,278</u> |

City of Corinth, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (Exhibit C-4)
Year Ended September 30, 2018

| <u>Tree Mitigation</u> | <u>Roadway Impact Fee</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|----------------------------|-----------------------------------|---|
| \$ - | \$ - | \$ 760,549 |
| - | - | 61,181 |
| - | 207,711 | 207,711 |
| - | - | 36,363 |
| - | - | 28,020 |
| - | - | 9,935 |
| - | - | 70,151 |
| 1,423 | 1,838 | 29,358 |
| - | - | 1,576 |
| - | - | 278,942 |
| <u>1,423</u> | <u>209,549</u> | <u>1,483,786</u> |
| - | - | 298,064 |
| - | - | 55,054 |
| - | - | 28,158 |
| - | - | 70,790 |
| - | - | 227,030 |
| <u>-</u> | <u>-</u> | <u>679,096</u> |
| 1,423 | 209,549 | 804,690 |
| - | (300,000) | (357,413) |
| <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>(300,000)</u> | <u>(357,413)</u> |
| 1,423 | (90,451) | 447,277 |
| <u>154,625</u> | <u>(298,848)</u> | <u>2,125,219</u> |
| <u>\$ 156,048</u> | <u>\$ (389,299)</u> | <u>\$ 2,572,496</u> |

(concluded)

City of Corinth, Texas
 Crime Control and Prevention Fund Budgetary Comparison Schedule (Exhibit C-5)
 Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Sales | \$ 327,424 | \$ 327,424 | \$ 362,534 | \$ 35,110 |
| Interest income | 1,000 | 1,000 | 3,337 | 2,337 |
| Total revenues | <u>328,424</u> | <u>328,424</u> | <u>365,871</u> | <u>37,447</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 312,413 | 312,413 | 243,659 | 68,754 |
| Total expenditures | <u>312,413</u> | <u>312,413</u> | <u>243,659</u> | <u>68,754</u> |
| Net Change in Fund Balance | 16,011 | 16,011 | 122,212 | 106,201 |
| Fund Balance - | | | | |
| October 1 (Beginning) | <u>330,897</u> | <u>330,897</u> | <u>330,897</u> | <u>-</u> |
| Fund Balance - | | | | |
| September 30 (Ending) | <u>\$ 346,908</u> | <u>\$ 346,908</u> | <u>\$ 453,109</u> | <u>\$ 106,201</u> |

City of Corinth, Texas
Street Maintenance Fund Budgetary Comparison Schedule (Exhibit C-6)
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------|-------------------|---------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Sales | \$ 356,711 | \$ 356,711 | \$ 398,015 | \$ 41,304 |
| Interest income | 3,500 | 3,500 | 11,951 | 8,451 |
| Total revenues | <u>360,211</u> | <u>360,211</u> | <u>409,966</u> | <u>49,755</u> |
| Expenditures | | | | |
| Current | | | | |
| Public works | <u>385,660</u> | <u>385,660</u> | <u>28,158</u> | <u>357,502</u> |
| Total expenditures | <u>385,660</u> | <u>385,660</u> | <u>28,158</u> | <u>357,502</u> |
| Excess (Deficiency) of Revenues over Expenditures | (25,449) | (25,449) | 381,808 | 407,257 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>-</u> | <u>-</u> | <u>(45,413)</u> | <u>(45,413)</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(45,413)</u> | <u>(45,413)</u> |
| Net Change in Fund Balance | (25,449) | (25,449) | 336,395 | 361,844 |
| Fund Balance - | | | | |
| October 1 (Beginning) | <u>936,563</u> | <u>936,563</u> | <u>936,563</u> | <u>-</u> |
| Fund Balance - | | | | |
| September 30 (Ending) | <u>\$ 911,114</u> | <u>\$ 911,114</u> | <u>\$ 1,272,958</u> | <u>\$ 361,844</u> |

City of Corinth, Texas
Hotel Motel Tax Fund Budgetary Comparison Schedule (Exhibit C-7)
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Hotel occupancy tax | \$ 75,000 | \$ 75,000 | \$ 61,181 | \$ (13,819) |
| Interest income | - | - | 1,582 | 1,582 |
| Total revenues | <u>75,000</u> | <u>75,000</u> | <u>62,763</u> | <u>(12,237)</u> |
| Expenditures | | | | |
| Current | | | | |
| City administration | 103,532 | 103,532 | 67,461 | 36,071 |
| Total expenditures | <u>103,532</u> | <u>103,532</u> | <u>67,461</u> | <u>36,071</u> |
| Net Change in Fund Balance | (28,532) | (28,532) | (4,698) | 23,834 |
| Fund Balance - | | | | |
| October 1 (Beginning) | <u>175,414</u> | <u>175,414</u> | <u>175,414</u> | <u>-</u> |
| Fund Balance - | | | | |
| September 30 (Ending) | <u>\$ 146,882</u> | <u>\$ 146,882</u> | <u>\$ 170,716</u> | <u>\$ 23,834</u> |

City of Corinth, Texas
 Keep Corinth Beautiful Budgetary Comparison Schedule (Exhibit C-8)
 Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------|------------------|------------------|------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Donations | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ - |
| Interest income | - | - | 285 | 285 |
| Total revenues | <u>5,000</u> | <u>5,000</u> | <u>5,285</u> | <u>285</u> |
| Expenditures | | | | |
| Current | | | | |
| City administration | 5,000 | 5,000 | 3,329 | 1,671 |
| Total expenditures | <u>5,000</u> | <u>5,000</u> | <u>3,329</u> | <u>1,671</u> |
| Net Change in Fund Balance | - | - | 1,956 | 1,956 |
| Fund Balance - | | | | |
| October 1 (Beginning) | <u>26,950</u> | <u>26,950</u> | <u>26,950</u> | <u>-</u> |
| Fund Balance - | | | | |
| September 30 (Ending) | <u>\$ 26,950</u> | <u>\$ 26,950</u> | <u>\$ 28,906</u> | <u>\$ 1,956</u> |

City of Corinth, Texas
County Child Safety Fund Comparison Schedule (Exhibit C-9)
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------|------------------|------------------|------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Police fees and permits | \$ 26,956 | \$ 26,956 | \$ 28,020 | \$ 1,064 |
| Interest income | - | - | 71 | 71 |
| Total revenues | <u>26,956</u> | <u>26,956</u> | <u>28,091</u> | <u>1,135</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | <u>26,956</u> | <u>26,956</u> | <u>23,490</u> | <u>3,466</u> |
| Total expenditures | <u>26,956</u> | <u>26,956</u> | <u>23,490</u> | <u>3,466</u> |
| Net Change in Fund Balance | - | - | 4,601 | 4,601 |
| Fund Balance - | | | | |
| October 1 (Beginning) | <u>22,299</u> | <u>22,299</u> | <u>22,299</u> | <u>-</u> |
| Fund Balance - | | | | |
| September 30 (Ending) | <u>\$ 22,299</u> | <u>\$ 22,299</u> | <u>\$ 26,900</u> | <u>\$ 4,601</u> |

City of Corinth, Texas
Municipal Court Security Fund Budgetary Comparison Schedule (Exhibit C-10)
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------------|------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Traffic fines and forfeitures | \$ 12,800 | \$ 12,800 | \$ 14,537 | \$ 1,737 |
| Interest income | - | - | 693 | 693 |
| Total revenues | <u>12,800</u> | <u>12,800</u> | <u>15,230</u> | <u>2,430</u> |
| Expenditures | | | | |
| Current | | | | |
| Community services | <u>7,500</u> | <u>7,500</u> | <u>5,439</u> | <u>2,061</u> |
| Total expenditures | <u>7,500</u> | <u>7,500</u> | <u>5,439</u> | <u>2,061</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>5,300</u> | <u>5,300</u> | <u>9,791</u> | <u>4,491</u> |
| Net Change in Fund Balance | 5,300 | 5,300 | 9,791 | 4,491 |
| Fund Balance - October 1 (Beginning) | <u>69,725</u> | <u>69,725</u> | <u>69,725</u> | <u>-</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 75,025</u> | <u>\$ 75,025</u> | <u>\$ 79,516</u> | <u>\$ 4,491</u> |

City of Corinth, Texas
Municipal Court Technology Fund Comparison Schedule (Exhibit C-11)
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------------|------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Traffic fines and forfeitures | \$ 17,000 | \$ 17,000 | \$ 19,342 | \$ 2,342 |
| Interest income | - | - | 470 | 470 |
| Total revenues | <u>17,000</u> | <u>17,000</u> | <u>19,812</u> | <u>2,812</u> |
| Expenditures | | | | |
| Current | | | | |
| Community services | <u>19,530</u> | <u>30,442</u> | <u>6,760</u> | <u>23,682</u> |
| Total expenditures | <u>19,530</u> | <u>30,442</u> | <u>6,760</u> | <u>23,682</u> |
| Excess (Deficiency) of Revenues over Expenditures | (2,530) | (13,442) | 13,052 | 26,494 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(5,708)</u> | <u>(17,708)</u> | <u>(12,000)</u> | <u>5,708</u> |
| Total Other Financing Sources (Uses) | <u>(5,708)</u> | <u>(17,708)</u> | <u>(12,000)</u> | <u>5,708</u> |
| Net Change in Fund Balance | (8,238) | (31,150) | 1,052 | 32,202 |
| Fund Balance - October 1 (Beginning) | <u>44,539</u> | <u>44,539</u> | <u>44,539</u> | <u>-</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 36,301</u> | <u>\$ 13,389</u> | <u>\$ 45,591</u> | <u>\$ 32,202</u> |

City of Corinth, Texas
 Police Confiscation Fund – State – Budgetary Comparison Schedule (Exhibit C-12)
 Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------|------------------|----------|----------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Interest income | \$ - | \$ - | \$ 139 | \$ 139 |
| Miscellaneous income | - | 20,000 | 14,852 | (5,148) |
| Total revenues | - | 20,000 | 14,991 | (5,009) |
| Expenditures | | | | |
| Current | | | | |
| Public safety | - | 20,000 | 14,808 | 5,192 |
| Total expenditures | - | 20,000 | 14,808 | 5,192 |
| Net Change in Fund Balance | - | - | 183 | 183 |
| Fund Balance - | | | | |
| October 1 (Beginning) | 1,783 | 1,783 | 1,783 | - |
| Fund Balance - | | | | |
| September 30 (Ending) | \$ 1,783 | \$ 1,783 | \$ 1,966 | \$ 183 |

City of Corinth, Texas
Parks Development Fund Budgetary Comparison Schedule (Exhibit C-13)
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Donations | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - |
| Interest income | - | - | 3,017 | 3,017 |
| Miscellaneous income | - | - | - | - |
| Total revenues | <u>50,000</u> | <u>50,000</u> | <u>53,017</u> | <u>3,017</u> |
| Expenditures | | | | |
| Current | | | | |
| Community services | <u>40,000</u> | <u>40,000</u> | <u>8,571</u> | <u>31,429</u> |
| Total expenditures | <u>40,000</u> | <u>40,000</u> | <u>8,571</u> | <u>31,429</u> |
| Net Change in Fund Balance | 10,000 | 10,000 | 44,446 | 34,446 |
| Fund Balance - | | | | |
| October 1 (Beginning) | <u>279,568</u> | <u>279,568</u> | <u>279,568</u> | <u>-</u> |
| Fund Balance - | | | | |
| September 30 (Ending) | <u>\$ 289,568</u> | <u>\$ 289,568</u> | <u>\$ 324,014</u> | <u>\$ 34,446</u> |

City of Corinth, Texas
Community Park Improvement Fund Budgetary Comparison Schedule (Exhibit C-14)
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------|------------------|----------------|-----------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Parks and recreation fees | \$ 10,970 | \$ 10,970 | \$ 9,935 | \$ (1,035) |
| Interest income | - | - | 258 | 258 |
| Total revenues | <u>10,970</u> | <u>10,970</u> | <u>10,193</u> | <u>(777)</u> |
| Expenditures | | | | |
| Current | | | | |
| Community services | <u>34,000</u> | <u>34,000</u> | <u>26,854</u> | <u>7,146</u> |
| Total expenditures | <u>34,000</u> | <u>34,000</u> | <u>26,854</u> | <u>7,146</u> |
| Net Change in Fund Balance | (23,030) | (23,030) | (16,661) | 6,369 |
| Fund Balance - | | | | |
| October 1 (Beginning) | <u>22,939</u> | <u>22,939</u> | <u>22,939</u> | <u>-</u> |
| Fund Balance - | | | | |
| September 30 (Ending) | <u>\$ (91)</u> | <u>\$ (91)</u> | <u>\$ 6,278</u> | <u>\$ 6,369</u> |

City of Corinth, Texas
 Tree Mitigation Fund Budgetary Comparison Schedule (Exhibit C-15)
 Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Interest income | \$ - | \$ - | \$ 1,423 | \$ 1,423 |
| Total revenues | <u>-</u> | <u>-</u> | <u>1,423</u> | <u>1,423</u> |
| Expenditures | | | | |
| Current | | | | |
| Community services | 5,000 | 5,000 | - | 5,000 |
| Total expenditures | <u>5,000</u> | <u>5,000</u> | <u>-</u> | <u>5,000</u> |
| Net Change in Fund Balance | (5,000) | (5,000) | 1,423 | 6,423 |
| Fund Balance - | | | | |
| October 1 (Beginning) | <u>154,625</u> | <u>154,625</u> | <u>154,625</u> | <u>-</u> |
| Fund Balance - | | | | |
| September 30 (Ending) | <u>\$ 149,625</u> | <u>\$ 149,625</u> | <u>\$ 156,048</u> | <u>\$ 6,423</u> |

City of Corinth, Texas
Roadway Impact Fee Fund Budgetary Comparison Schedule (Exhibit C-16)
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Escrow and impact fees | \$ - | \$ - | \$ 207,711 | \$ 207,711 |
| Interest income | - | - | 1,838 | 1,838 |
| Total revenues | <u>-</u> | <u>-</u> | <u>209,549</u> | <u>209,549</u> |
| Expenditures | | | | |
| Capital outlay | 300,000 | - | - | - |
| Total expenditures | <u>300,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues over Expenditures | (300,000) | - | 209,549 | 209,549 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | - | (300,000) | (300,000) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(300,000)</u> | <u>(300,000)</u> | <u>-</u> |
| Net Change in Fund Balance | (300,000) | (300,000) | (90,451) | 209,549 |
| Fund Balance - October 1 (Beginning) | <u>(298,848)</u> | <u>(298,848)</u> | <u>(298,848)</u> | <u>-</u> |
| Fund Balance - September 30 (Ending) | <u>\$ (598,848)</u> | <u>\$ (598,848)</u> | <u>\$ (389,299)</u> | <u>\$ 209,549</u> |

City of Corinth, Texas
Debt Service Fund Budgetary Comparison Schedule (Exhibit C-17)
Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 2,127,417 | \$ 2,127,417 | \$ 2,141,177 | \$ 13,760 |
| Interest Income | - | - | 8,215 | 8,215 |
| Miscellaneous Income | - | - | 422 | 422 |
| Total revenues | <u>2,127,417</u> | <u>2,127,417</u> | <u>2,149,814</u> | <u>22,397</u> |
| Expenditures | | | | |
| Debt Service: | | | | |
| Principal | 1,211,465 | 1,211,465 | 1,211,465 | - |
| Interest | 1,078,087 | 1,077,647 | 1,022,312 | 55,335 |
| Bond issuance costs | 10,000 | 10,440 | 10,440 | - |
| Total expenditures | <u>2,299,552</u> | <u>2,299,552</u> | <u>2,244,217</u> | <u>55,335</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(172,135)</u> | <u>(172,135)</u> | <u>(94,403)</u> | <u>77,732</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 2,916 | 2,916 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>2,916</u> | <u>2,916</u> |
| Net Change in Fund Balance | (172,135) | (172,135) | (91,487) | 80,648 |
| Fund Balance - October 1 (Beginning) | <u>390,681</u> | <u>390,681</u> | <u>390,681</u> | <u>-</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 218,546</u> | <u>\$ 218,546</u> | <u>\$ 299,194</u> | <u>\$ 80,648</u> |

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| | <u>Governmental Capital Projects</u> | <u>Vehicle Replacement</u> | <u>LCFD Vehicle and Equipment Replacement</u> |
|--|--|--------------------------------|---|
| Assets | | | |
| Cash and cash equivalents | \$ 363,219 | \$ 210,232 | \$ 237,294 |
| Investments | 1,432,865 | - | 330,000 |
| Receivables (net of allowance) | | | |
| Interest | 2,553 | - | 1,157 |
| Miscellaneous | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 1,798,637</u> | <u>\$ 210,232</u> | <u>\$ 568,451</u> |
| Liabilities | | | |
| Accounts payable | \$ 6,212 | - | \$ 9,025 |
| Total liabilities | <u>6,212</u> | <u>-</u> | <u>9,025</u> |
| Fund Balances | | | |
| Restricted | - | - | - |
| Committed | 1,792,425 | 210,232 | 559,426 |
| Total fund balances | <u>1,792,425</u> | <u>210,232</u> | <u>559,426</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,798,637</u> | <u>\$ 210,232</u> | <u>\$ 568,451</u> |

City of Corinth, Texas
Combining Balance Sheet – Nonmajor Capital Projects Funds (Exhibit C-18)
Year Ended September 30, 2018

| Tech Equipment Replacement | Street Escrow | 2007 CO Streets | Public Property Finance | Total Nonmajor Capital Projects Funds |
|----------------------------------|-------------------|--------------------|-------------------------------|---|
| \$ 90,047 | \$ 154,732 | \$ - | \$ - | \$ 1,055,524 |
| - | - | - | - | 1,762,865 |
| - | - | - | - | 3,710 |
| - | - | - | - | - |
| <u>\$ 90,047</u> | <u>\$ 154,732</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,822,099</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,237</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,237</u> |
| - | - | - | - | - |
| 90,047 | 154,732 | - | - | 2,806,862 |
| <u>90,047</u> | <u>154,732</u> | <u>-</u> | <u>-</u> | <u>2,806,862</u> |
| <u>\$ 90,047</u> | <u>\$ 154,732</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,822,099</u> |

| | Governmental Capital Projects | Vehicle Replacement | LCFD Vehicle and Equipment Replacement |
|--|-------------------------------------|------------------------|--|
| Revenues | | | |
| Donations | \$ 205,000 | \$ - | \$ - |
| Interest income | 21,152 | 1,491 | 4,411 |
| Fire services | - | - | 11,989 |
| Total revenues | <u>226,152</u> | <u>1,491</u> | <u>16,400</u> |
| Expenditures | | | |
| Current | | | |
| Public safety | 9,750 | 82,232 | 24,150 |
| Community services | - | 6,413 | - |
| Public works | 17,330 | 691 | - |
| Planning and community development | 45,186 | 9,495 | - |
| City administration | 250 | 7,750 | - |
| Debt service | | | |
| Principal | - | - | 164,320 |
| Interest | - | - | 41,957 |
| Total expenditures | <u>72,516</u> | <u>106,581</u> | <u>230,427</u> |
| Excess (Deficiency) of Revenues over (under) Expenditures | <u>153,636</u> | <u>(105,090)</u> | <u>(214,027)</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capital assets | - | 176,452 | 5,354 |
| Transfers out | (200,000) | - | - |
| Transfers in | 60,125 | 23,295 | 461,126 |
| Total Other Financing Sources (Uses) | <u>(139,875)</u> | <u>199,747</u> | <u>466,480</u> |
| Net Change in Fund Balance | 13,761 | 94,657 | 252,453 |
| Fund Balance - October 1 (Beginning) | <u>1,778,664</u> | <u>115,575</u> | <u>306,973</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 1,792,425</u> | <u>\$ 210,232</u> | <u>\$ 559,426</u> |

City of Corinth, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balance Capital Projects (Exhibit C-19)
Year Ended September 30, 2018

| Tech Equipment Replacement | Street Escrow | 2007 CO Streets | Public Property Finance | Total Nonmajor Capital Projects Funds |
|----------------------------------|-------------------|--------------------|-------------------------------|---|
| \$ 883 | \$ - | \$ - | \$ - | \$ 205,883 |
| 1,063 | 1,411 | - | 491 | 30,019 |
| - | - | - | - | 11,989 |
| <u>1,946</u> | <u>1,411</u> | <u>-</u> | <u>491</u> | <u>247,891</u> |
| - | - | - | 239,866 | 355,998 |
| - | - | - | - | 6,413 |
| - | - | 88,875 | - | 106,896 |
| - | - | - | - | 54,681 |
| 78,400 | - | - | - | 86,400 |
| - | - | - | - | 164,320 |
| - | - | - | - | 41,957 |
| <u>78,400</u> | <u>-</u> | <u>88,875</u> | <u>239,866</u> | <u>816,665</u> |
| <u>(76,454)</u> | <u>1,411</u> | <u>(88,875)</u> | <u>(239,375)</u> | <u>(568,774)</u> |
| 692 | - | - | - | 182,498 |
| - | - | (2,916) | (13,506) | (216,422) |
| 138,160 | - | - | - | 682,706 |
| <u>138,852</u> | <u>-</u> | <u>(2,916)</u> | <u>(13,506)</u> | <u>648,782</u> |
| 62,398 | 1,411 | (91,791) | (252,881) | 80,008 |
| 27,649 | 153,321 | 91,791 | 252,881 | 2,726,854 |
| <u>\$ 90,047</u> | <u>\$ 154,732</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,806,862</u> |

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STATISTICAL SECTION



STATISTICAL SECTION

This part of the City of Corinth, Texas's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (Tables D-1 – D-5)

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. (Tables D-6 – D-12)

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (Tables D-13 – D-16)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments. (Tables D-17 – D-19)

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (Tables D-20 – D-21)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF CORINTH, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

| Governmental Activities | 2009 | 2010 | 2011 | 2012 |
|---|----------------------|----------------------|----------------------|----------------------|
| Net Investment in Capital Assets | \$ 41,050,434 | \$ 39,858,647 | \$ 41,537,428 | \$ 38,965,723 |
| Restricted | 795,115 | 6,713,859 | 2,400,976 | 2,614,336 |
| Unrestricted | 8,395,075 | 2,683,382 | 6,854,904 | 6,708,569 |
| Total Governmental Activities Net Position | <u>\$ 50,240,624</u> | <u>\$ 49,255,888</u> | <u>\$ 50,793,308</u> | <u>\$ 48,288,628</u> |
| | | | | |
| Business-type Activities | | | | |
| Net Investment in Capital Assets | \$ 15,881,901 | \$ 17,746,701 | \$ 19,490,897 | \$ 21,783,319 |
| Restricted | - | - | - | - |
| Unrestricted | 5,638,822 | 5,883,737 | 5,858,618 | 6,216,578 |
| Total Business-Type Activities Net Position | <u>\$ 21,520,723</u> | <u>\$ 23,630,438</u> | <u>\$ 25,349,515</u> | <u>\$ 27,999,897</u> |
| | | | | |
| Primary Government | | | | |
| Net Investment in Capital Assets | \$ 56,932,335 | \$ 57,605,348 | \$ 61,028,325 | \$ 60,749,042 |
| Restricted | 795,115 | 6,713,859 | 2,400,976 | 2,614,336 |
| Unrestricted | 14,033,897 | 8,567,119 | 12,713,522 | 12,925,147 |
| Total Primary Government Net Position | <u>\$ 71,761,347</u> | <u>\$ 72,886,326</u> | <u>\$ 76,142,823</u> | <u>\$ 76,288,525</u> |

Note:

Governmental Activities:

2007 through 2009 restated for correction of basis in streets.
2009 restated for reclassification of fund.
2012 restated for implementation of GASB 63 and GASB 65.
2015 restated for implementation of GASB 68.

Business-type Activities:

2009 restated for miscellaneous revenue and debt expenses.
2012 restated for implementation of GASB 63 and GASB 65.
2015 restated for implementation of GASB 68.

TABLE D-1

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 37,401,599 | \$ 36,991,003 | \$ 37,162,807 | \$ 35,967,465 | \$ 35,025,019 | \$ 35,039,143 |
| 3,776,495 | 4,078,719 | 1,066,371 | 1,759,359 | 2,600,794 | 2,830,975 |
| 5,660,613 | 4,522,015 | 1,767,508 | 1,817,109 | 3,328,479 | 3,038,070 |
| \$ 46,838,707 | \$ 45,591,737 | \$ 39,996,686 | \$ 39,543,933 | \$ 40,954,292 | \$ 40,908,188 |
| | | | | | |
| \$ 21,661,416 | \$ 21,552,151 | \$ 21,568,651 | \$ 21,537,921 | \$ 21,633,740 | \$ 23,453,132 |
| - | - | 645,963 | 647,502 | 1,127,099 | 1,295,181 |
| 6,897,008 | 6,250,406 | 4,856,975 | 4,285,029 | 5,523,850 | 5,059,830 |
| \$ 28,558,424 | \$ 27,802,557 | \$ 27,071,589 | \$ 26,470,452 | \$ 28,284,689 | \$ 29,808,143 |
| | | | | | |
| \$ 59,063,015 | \$ 58,543,154 | \$ 58,731,458 | \$ 57,505,386 | \$ 56,658,759 | \$ 58,492,275 |
| 3,776,495 | 4,078,719 | 1,712,334 | 2,406,861 | 3,727,893 | 4,126,156 |
| 12,557,621 | 10,772,421 | 6,624,483 | 6,102,138 | 8,852,329 | 8,097,900 |
| \$ 75,397,131 | \$ 73,394,294 | \$ 67,068,275 | \$ 66,014,385 | \$ 69,238,981 | \$ 70,716,331 |

CITY OF CORINTH, TEXAS

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

| Expenses | 2009 | 2010 | 2011 | 2012 |
|--|------------------------|------------------------|-----------------------|------------------------|
| Governmental Activities: | | | | |
| Public Safety | \$ 7,956,599 | \$ 7,716,433 | \$ 7,454,086 | \$ 7,769,391 |
| Community Services | 2,452,756 | 1,979,094 | 1,713,873 | 1,729,610 |
| Public Works | 1,784,753 | 4,152,860 | 4,268,961 | 4,829,902 |
| Planning & Development | 877,117 | 875,457 | 709,683 | 730,829 |
| City Administration | 1,340,171 | 1,876,455 | 1,663,492 | 1,607,926 |
| Financial Services | 686,977 | 688,069 | 634,749 | 655,335 |
| Interest on Long-Term Debt | 969,752 | 920,663 | 809,445 | 821,597 |
| Total Governmental Activities Expenses | 16,068,125 | 18,209,031 | 17,254,289 | 18,144,590 |
| Business-Type Activities: | | | | |
| Water & Wastewater | 10,356,404 | 10,261,683 | 9,981,826 | 10,198,636 |
| Storm Water Utility | 510,190 | 527,768 | 449,894 | 520,098 |
| Total Business-Type Activities Expenses | 10,866,594 | 10,789,451 | 10,431,720 | 10,718,734 |
| Total Primary Government Expenses | \$ 26,934,719 | \$ 28,998,482 | \$ 27,686,009 | \$ 28,863,324 |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| Public Safety | \$ 3,028,462 | \$ 2,858,365 | \$ 3,218,248 | \$ 3,036,630 |
| Community Services | 178,695 | 197,322 | 305,958 | 318,297 |
| Public Works | - | - | 340,413 | 72,087 |
| Planning & Development | 297,861 | 298,676 | 564,447 | 364,980 |
| City Administration | - | - | - | - |
| Finance Services | 1,024,019 | 1,180,425 | 177,273 | 88,599 |
| Operating Grants & Contributions | 107,572 | 166,836 | 152,477 | 101,458 |
| Capital Grants & Contributions | 171,306 | 1,243,666 | 858,404 | 944,835 |
| Total Governmental Activities Program | 4,807,915 | 5,945,290 | 5,617,220 | 4,926,886 |
| Business-Type Activities: | | | | |
| Charges for Services: | | | | |
| Water & Wastewater | 10,306,400 | 11,094,103 | 12,221,335 | 11,715,891 |
| Storm Water Utility | 552,871 | 587,074 | 552,916 | 655,400 |
| Operating Grants & Contributions | - | - | - | - |
| Capital Grants & Contributions | 649,055 | 1,255,490 | 1,303,744 | 581,490 |
| Total Business-Type Activities Program | 11,508,326 | 12,936,667 | 14,077,995 | 12,952,781 |
| Total Primary Government Program | \$ 16,316,241 | \$ 18,881,957 | \$ 19,695,215 | \$ 17,879,667 |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | \$ (11,260,210) | \$ (12,263,741) | \$ (11,637,069) | \$ (13,217,704) |
| Business-Type Activities | 641,732 | 2,147,216 | 3,646,275 | 2,234,047 |
| Total Primary Government Net Expense | \$ (10,618,478) | \$ (10,116,525) | \$ (7,990,794) | \$ (10,983,657) |

Note:

2012 restated for implementation of GASB 63 and GASB 65.

2015 restated for implementation of GASB 68.

TABLE D-2

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ | 8,188,441 | \$ 8,558,062 | \$ 8,937,222 | \$ 9,331,392 | \$ 10,464,824 | \$ 12,945,976 |
| | 1,740,402 | 1,735,618 | 1,855,018 | 1,734,299 | 1,533,030 | 1,511,542 |
| | 4,726,964 | 4,655,417 | 4,661,909 | 4,471,115 | 4,534,197 | 1,595,297 |
| | 731,234 | 715,554 | 860,549 | 1,013,413 | 857,360 | 1,034,510 |
| | 1,631,852 | 1,854,669 | 1,873,459 | 2,032,778 | 1,940,255 | 2,128,443 |
| | 662,238 | 665,351 | 746,482 | 878,384 | 888,324 | 886,880 |
| | 743,848 | 702,883 | 613,346 | 747,838 | 844,665 | 828,591 |
| | 18,424,979 | 18,887,554 | 19,547,985 | 20,209,219 | 21,062,655 | 20,931,239 |
| | 10,429,711 | 10,645,670 | 11,107,570 | 12,157,058 | 12,098,839 | 12,342,091 |
| | 515,487 | 571,624 | 540,217 | 525,740 | 517,412 | 560,241 |
| | 10,945,198 | 11,217,294 | 11,647,787 | 12,682,798 | 12,616,251 | 12,902,332 |
| \$ | 29,370,177 | \$ 30,104,848 | \$ 31,195,772 | \$ 32,892,017 | \$ 33,678,906 | \$ 33,833,571 |
| \$ | 3,316,940 | \$ 3,595,280 | \$ 3,516,328 | \$ 3,960,494 | \$ 3,934,109 | \$ 3,351,543 |
| | 312,490 | 377,982 | 230,940 | 206,560 | 210,498 | 234,622 |
| | 25,895 | 111,242 | 209,723 | 59,205 | 156,559 | 207,711 |
| | 342,817 | 488,706 | 647,336 | 540,906 | 1,200,712 | 749,678 |
| | - | 94,979 | 92,142 | 105,401 | 93,302 | 83,042 |
| | - | - | - | - | - | - |
| | 144,879 | 284,954 | 299,613 | 189,114 | 97,506 | 277,286 |
| | 551,016 | - | 380,748 | 332,872 | 1,630,239 | 1,266,428 |
| | 4,694,037 | 4,953,143 | 5,376,830 | 5,394,552 | 7,322,925 | 6,170,310 |
| | 11,582,827 | 10,648,512 | 10,991,068 | 11,047,722 | 11,332,588 | 13,152,059 |
| | 667,215 | 680,128 | 692,943 | 703,783 | 727,197 | 719,458 |
| | - | - | - | - | - | - |
| | 192,927 | 176,068 | 607,013 | 1,448,393 | 2,997,195 | 937,813 |
| | 12,442,969 | 11,504,708 | 12,291,024 | 13,199,898 | 15,056,980 | 14,809,330 |
| \$ | 17,137,006 | \$ 16,457,851 | \$ 17,667,854 | \$ 18,594,450 | \$ 22,379,905 | \$ 20,979,640 |
| \$ | (13,730,942) | \$ (13,934,411) | \$ (14,171,155) | \$ (14,814,667) | \$ (13,739,730) | \$ (14,760,929) |
| | 1,497,771 | 287,414 | 643,237 | 517,100 | 2,440,729 | 1,906,998 |
| \$ | (12,233,171) | \$ (13,646,997) | \$ (13,527,918) | \$ (14,297,567) | \$ (11,299,001) | \$ (12,853,931) |

CITY OF CORINTH, TEXAS*GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION**LAST TEN FISCAL YEARS**(ACCRUAL BASIS OF ACCOUNTING)**(Unaudited)*

| Net (Expense)/Revenue | 2009 | 2010 | 2011 | 2012 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Governmental Activities | \$ (11,260,210) | \$ (12,263,741) | \$ (11,637,069) | \$ (13,217,704) |
| Business-Type Activities | 641,732 | 2,147,216 | 3,646,275 | 2,234,047 |
| Total Primary Government Net Expense | (10,618,478) | (10,116,525) | (7,990,794) | (10,983,657) |

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes

| | | | | |
|---------------------------------------|------------|------------|------------|------------|
| Property Taxes | 8,288,285 | 8,117,648 | 8,236,635 | 8,292,788 |
| Sales Taxes | 1,017,734 | 1,463,459 | 1,591,901 | 1,689,889 |
| Franchise Taxes | 1,456,065 | 919,700 | 1,083,786 | 1,065,097 |
| Hotel Occupancy Taxes | - | - | - | - |
| Miscellaneous | 95,154 | 20,050 | 34,555 | 143,809 |
| Investment Earnings | 318,460 | 207,718 | 98,471 | 63,010 |
| Gain (Loss) on sale of Capital Assets | - | - | - | - |
| Special Item Outflow | - | - | (700,000) | (134,385) |
| Transfers | 360,418 | 550,426 | 2,734,363 | (269,093) |
| Total Governmental Activities | 11,536,116 | 11,279,001 | 13,079,711 | 10,851,115 |

Business-Type Activities:

| | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Miscellaneous | 53,980 | 355,428 | 31,858 | 11,738 |
| Investment Earnings | 295,606 | 157,497 | 75,308 | 59,488 |
| Gain (Loss) on sale of Capital Assets | - | - | - | - |
| Special Item Outflow | - | - | 700,000 | 134,385 |
| Transfers | (360,418) | (550,426) | (2,734,363) | 269,093 |
| Total Business-Type Activities | (10,832) | (37,501) | (1,927,197) | 474,704 |
| Total Primary Government | \$ 11,525,284 | \$ 11,241,500 | \$ 11,152,514 | \$ 11,325,819 |

Change in Net Position

| | | | | |
|--------------------------|------------|--------------|--------------|-------------|
| Governmental Activities | 275,906 | (984,740) | 1,442,642 | (2,366,589) |
| Business-Type Activities | 630,900 | 2,109,715 | 1,719,078 | 2,708,751 |
| Total Primary Government | \$ 906,806 | \$ 1,124,975 | \$ 3,161,720 | \$ 342,162 |

Note:

2012 is restated for implementation of GASB 63 and GASB 65.

Hotel Occupancy Tax was previously reported in the Sales Tax category.

Note: This information is presented using the accrual basis of accounting.

TABLE D-3

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ | (13,730,942) | \$ (13,934,411) | \$ (14,171,155) | \$ (14,814,667) | \$ (13,739,730) | \$ (14,760,929) |
| | 1,497,771 | 287,414 | 643,237 | 517,100 | 2,440,729 | 1,906,998 |
| | (12,233,171) | (13,646,997) | (13,527,918) | (14,297,567) | (11,299,001) | (12,853,931) |
| | 8,501,824 | 8,674,195 | 9,291,409 | 9,663,535 | 10,629,143 | 10,587,532 |
| | 1,728,567 | 1,822,924 | 1,889,020 | 2,023,059 | 2,253,805 | 2,370,316 |
| | 967,846 | 1,039,646 | 1,074,217 | 1,068,910 | 1,073,789 | 1,120,653 |
| | - | - | 67,833 | 79,007 | 77,673 | 61,181 |
| | 38,121 | 13,925 | 45,685 | 237,674 | 204,231 | 251,014 |
| | 49,427 | 53,968 | 55,043 | 87,433 | 228,971 | 57,042 |
| | - | - | 14,712 | 43,222 | 3,497 | 94,205 |
| | 8,556 | - | - | - | - | - |
| | 986,679 | 1,082,783 | 778,956 | 1,159,074 | 678,980 | 498,018 |
| | 12,281,020 | 12,687,441 | 13,216,875 | 14,361,914 | 15,150,089 | 15,039,961 |
| | 5,145 | 10,216 | (391) | 4,741 | 7,600 | 94,664 |
| | 42,290 | 29,280 | 18,423 | 26,328 | 43,692 | 6,748 |
| | - | - | 5,333 | 9,768 | 1,196 | 42,141 |
| | - | - | - | - | - | - |
| | (986,679) | (1,082,783) | (778,956) | (1,159,074) | (678,980) | (498,018) |
| | (939,244) | (1,043,287) | (755,591) | (1,118,237) | (626,492) | (354,465) |
| \$ | 11,341,776 | \$ 11,644,154 | \$ 12,461,284 | \$ 13,243,677 | \$ 14,523,597 | \$ 14,685,496 |
| | (1,449,922) | (1,246,970) | (954,280) | (452,753) | 1,410,359 | 279,032 |
| | 558,527 | (755,873) | (112,354) | (601,137) | 1,814,237 | 1,552,533 |
| \$ | (891,395) | \$ (2,002,843) | \$ (1,066,634) | \$ (1,053,890) | \$ 3,224,596 | \$ 1,831,565 |

CITY OF CORINTH, TEXAS*FUND BALANCES OF GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**(Unaudited)*

| General Fund | 2009 | 2010 | 2011 | 2012 |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| Reserved | \$ 103,982 | \$ 143,025 | \$ - | \$ - |
| Non-Spendable | - | - | 216,714 | 207,875 |
| Unreserved | 4,337,600 | 3,730,485 | - | - |
| Unassigned | - | - | 4,552,509 | 5,246,829 |
| Total General Fund | \$ 4,441,582 | \$ 3,873,510 | \$ 4,769,223 | \$ 5,454,704 |

All Other Governmental Funds

| | | | | |
|---|----------------------|---------------------|---------------------|---------------------|
| Reserved | \$ 2,660,627 | \$ 4,666,027 | \$ - | \$ - |
| Restricted | - | - | 4,427,759 | 2,304,546 |
| Committed | - | - | 1,170,771 | 1,885,185 |
| Unreserved, Reported In: | | | | |
| Special Revenue Funds | 1,862,162 | 1,879,248 | - | - |
| Capital Projects Funds | 7,670,458 | 2,054,708 | - | - |
| Unassigned | | | (268,858) | (351,404) |
| Total all other Governmental Funds | \$ 12,193,247 | \$ 8,599,983 | \$ 5,329,672 | \$ 3,838,327 |

Note:

GASB 54 was implemented in 2011.

TABLE D-4

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|-----------|--------------|--------------|---------------|---------------|--------------|
| \$ | - | \$ - | \$ - | \$ - | \$ - | - |
| | 211,465 | 222,652 | 244,486 | 439,146 | 195,750 | 251,776 |
| | - | - | - | - | - | - |
| | 3,950,657 | 3,587,445 | 3,482,449 | 3,295,962 | 5,243,056 | 5,184,229 |
| \$ | 4,162,122 | \$ 3,810,097 | \$ 3,726,935 | \$ 3,735,108 | \$ 5,438,806 | \$ 5,436,005 |
| \$ | - | \$ - | \$ - | - | - | - |
| | 2,199,692 | 1,143,608 | 1,155,506 | 13,370,197 | 14,479,349 | 5,873,511 |
| | 3,286,748 | 4,067,270 | 2,946,280 | 2,623,387 | 2,703,352 | 3,156,896 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | (441,149) | (579,436) | (480,444) | (442,236) | (298,848) | (389,299) |
| \$ | 5,045,291 | \$ 4,631,442 | \$ 3,621,342 | \$ 15,551,348 | \$ 16,883,853 | \$ 8,641,108 |

CITY OF CORINTH, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

| Revenues | 2009 | 2010 | 2011 | 2012 |
|---|-----------------------|-----------------------|-----------------------|---------------------|
| Taxes | \$ 10,771,375 | \$ 10,530,117 | \$ 10,911,621 | \$ 11,048,433 |
| Licenses, Fees and Permits | 283,232 | 304,009 | 1,091,761 | 661,689 |
| Fines & Penalties | 700,857 | 652,755 | 634,141 | 577,101 |
| Charges for Services | 3,256,122 | 3,529,997 | 2,547,590 | 2,531,739 |
| Investment Earnings | 318,461 | 207,717 | 98,470 | 63,010 |
| Donations | - | 713,564 | 1,012,607 | 947,567 |
| Special Assessments | 114,719 | 110,972 | - | - |
| Intergovernmental | 97,101 | 269,142 | - | - |
| Other Revenues | 99,494 | 63,697 | 160,522 | 205,271 |
| Total Revenues | 15,641,361 | 16,381,970 | 16,456,712 | 16,034,810 |
| Expenditures | | | | |
| Public Safety | 7,740,539 | 8,241,429 | 8,073,621 | 7,520,802 |
| Fire | - | - | - | - |
| Community Services | 2,309,808 | 1,825,414 | 1,752,265 | 1,794,276 |
| Public Works | 929,424 | 876,510 | 1,640,574 | 1,222,644 |
| Planning & Development | 855,155 | 872,953 | 699,586 | 751,109 |
| City Administration | 1,498,948 | 1,659,476 | 1,454,431 | 1,444,883 |
| Finance Services | 685,409 | 672,763 | 614,157 | 641,484 |
| General Government | 973,949 | - | - | - |
| Capital Outlay | - | 6,098,235 | 5,122,041 | 890,602 |
| Debt Service | | | | |
| Principal | 1,494,683 | 1,480,700 | 1,456,375 | 1,534,125 |
| Interest | 910,577 | 870,581 | 847,405 | 813,965 |
| Paying Agent Fees | 9,366 | - | - | - |
| Bond Issuance Costs | 1,107 | 27,827 | - | - |
| Total Expenditures | 17,408,965 | 22,625,888 | 21,660,455 | 16,613,890 |
| Other Financing Sources (Uses) | | | | |
| Bonds Issued | - | 1,500,000 | - | - |
| Payments to Escrow Agent | - | - | - | - |
| Bond Premium/Discount | - | - | - | - |
| Capital Lease | 5,434 | - | - | - |
| Sale of Capital Assets | - | - | - | 42,309 |
| Transfers In/Out | 360,418 | 550,426 | 2,734,363 | (269,093) |
| Total Other Financing Sources (Uses) | 365,852 | 2,050,426 | 2,734,363 | (226,784) |
| Net Change in Fund Balances | \$ (1,401,752) | \$ (4,193,492) | \$ (2,469,380) | \$ (805,864) |

Debt service as a percentage of noncapital expenditures

15.20% 15.16% 15.51% 15.68%

The Debt Service ratio to noncapital expenditures is calculated by dividing debt service expenditures by total expenditures less capital outlay.(Exhibit A-6).

TABLE D-5

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|------------|---------------|----------------|---------------|---------------|----------------|
| \$ | 11,210,497 | \$ 11,538,485 | \$ 12,329,258 | \$ 12,807,008 | \$ 14,034,768 | \$ 14,100,926 |
| | 285,165 | 903,407 | 1,050,172 | 797,332 | 1,557,520 | 1,170,581 |
| | 974,231 | 723,174 | 682,284 | 712,852 | 619,747 | 758,997 |
| | 2,534,668 | 2,826,329 | 3,132,880 | 3,159,963 | 3,063,911 | 3,325,163 |
| | 49,427 | 53,967 | 55,043 | 87,433 | 204,231 | 251,014 |
| | 571,827 | 89,514 | 96,633 | 186,220 | 94,185 | 1,542,462 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 190,849 | 82,083 | 123,070 | 292,949 | 324,855 | 352,973 |
| | 15,816,664 | 16,216,959 | 17,469,340 | 18,043,757 | 19,899,217 | 21,502,116 |
| | 8,393,476 | 9,422,471 | 9,167,774 | 9,702,983 | 9,234,496 | 10,620,034 |
| | - | - | - | - | - | - |
| | 2,113,911 | 2,405,814 | 1,765,661 | 1,507,526 | 1,353,153 | 1,428,385 |
| | 878,847 | 1,483,829 | 2,600,403 | 1,721,981 | 1,086,857 | 886,891 |
| | 727,249 | 718,253 | 871,281 | 981,151 | 874,835 | 1,040,104 |
| | 1,591,760 | 1,636,334 | 1,766,937 | 2,173,809 | 1,777,956 | 2,114,840 |
| | 655,646 | 652,321 | 732,037 | 862,114 | 862,354 | 893,640 |
| | - | - | - | - | - | - |
| | 27,648 | - | - | 3,727,303 | 4,958,837 | 7,965,300 |
| | 1,743,686 | 1,892,482 | 1,836,489 | 1,806,587 | 1,542,615 | 1,375,785 |
| | 756,738 | 694,004 | 627,358 | 784,585 | 1,109,103 | 1,064,269 |
| | - | - | - | - | - | - |
| | - | - | - | - | 232,870 | 10,440 |
| | 16,888,961 | 18,905,508 | 19,367,940 | 23,268,039 | 23,033,076 | 27,399,688 |
| | - | - | - | 17,116,713 | 13,017,245 | - |
| | - | - | - | (1,179,213) | (7,542,236) | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | 839,890 | 26,382 | 65,887 | 16,073 | 182,498 |
| | 986,679 | 1,082,783 | 778,956 | 1,159,074 | 678,980 | (2,373,559) |
| | 986,679 | 1,922,673 | 805,338 | 17,162,461 | 6,170,062 | (2,191,061) |
| \$ | (85,618) | \$ (765,876) | \$ (1,093,262) | \$ 11,938,179 | \$ 3,036,203 | \$ (8,088,633) |
| | 18.23% | 16.04% | 15.03% | 15.45% | 17.73% | 8.9% |

CITY OF CORINTH, TEXAS

TABLE D-6

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

| Fiscal Year | Property Tax | Sales & Hotel Tax | Franchise Tax | Total |
|-----------------------------|---------------------|------------------------------|----------------------|--------------|
| 2009 | 8,297,576 | 1,456,065 | 1,017,734 | 10,771,375 |
| 2010 | 8,142,985 | 1,463,459 | 923,673 | 10,530,117 |
| 2011 | 8,235,934 | 1,591,901 | 1,083,786 | 10,911,621 |
| 2012 | 8,293,447 | 1,689,889 | 1,065,097 | 11,048,433 |
| 2013 | 8,514,084 | 1,728,567 | 967,846 | 11,210,497 |
| 2014 | 8,675,915 | 1,822,924 | 1,039,646 | 11,538,485 |
| 2015 | 9,298,188 | 1,956,853 | 1,074,217 | 12,329,258 |
| 2016 | 9,636,032 | 2,102,066 | 1,068,910 | 12,807,008 |
| 2017 | 10,629,501 | 2,331,478 | 1,073,789 | 14,034,768 |
| 2018 | 10,548,776 | 2,431,497 | 1,120,653 | 14,100,926 |
| Percent Change 2009-2018 | 27.13% | 66.99% | 10.11% | 30.91% |

CITY OF CORINTH, TEXAS

TABLE D-7

*ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS*

| Fiscal Year | Residential Property | Commercial Property | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Value | Taxable Assessed Value as a Percent of Actual Taxable Value |
|--------------------|-----------------------------|----------------------------|----------------------------------|-------------------------------------|------------------------------|-------------------------------|--|
| 2009 | 1,187,265,640 | 190,126,178 | 16,522,699 | 1,360,869,119 | 0.57698 | 1,393,914,517 | 97.629% |
| 2010 | 1,153,359,201 | 325,754,337 | 92,100,190 | 1,387,013,348 | 0.57698 | 1,387,013,348 | 100.000% |
| 2011 | 1,252,309,929 | 234,688,468 | 96,489,458 | 1,390,508,939 | 0.59292 | 1,390,508,939 | 100.000% |
| 2012 | 1,211,861,253 | 268,045,937 | 88,120,582 | 1,391,786,608 | 0.59135 | 1,391,786,608 | 100.000% |
| 2013 | 1,201,904,159 | 283,761,674 | 88,447,340 | 1,397,218,493 | 0.60489 | 1,397,218,493 | 100.000% |
| 2014 | 1,221,191,136 | 295,352,467 | 85,760,821 | 1,430,782,782 | 0.60489 | 1,430,782,782 | 100.000% |
| 2015 | 1,267,097,852 | 326,129,542 | 59,168,386 | 1,534,059,008 | 0.59489 | 1,652,395,780 | 92.838% |
| 2016 | 1,348,410,542 | 385,457,523 | 95,347,173 | 1,638,520,892 | 0.58489 | 1,770,835,524 | 92.528% |
| 2017 | 1,479,545,576 | 425,594,137 | 105,756,559 | 1,799,383,154 | 0.58193 | 1,969,484,281 | 91.363% |
| 2018 | 1,610,439,701 | 200,107,034 | 142,108,059 | 1,952,654,794 | 0.53686 | 2,143,695,625 | 91.088% |

CITY OF CORINTH, TEXAS

TABLE D-8

*DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS*

| Fiscal Year | City Property Tax Rate | | | Overlapping Rates | | | |
|-------------|------------------------|---------------------------------|----------------|-------------------|-----------------|------------------------------------|---------------|
| | O & M Tax Rate | General Obligation Debt Service | Total Tax Rate | Denton ISD | Lake Dallas ISD | Corinth Municipal Utility District | Denton County |
| 2009 | 0.43852 | 0.13846 | 0.57698 | 1.49000 | 1.65000 | 0.31000 | 0.24980 |
| 2010 | 0.43852 | 0.13846 | 0.57698 | 1.49000 | 1.65000 | 0.21000 | 0.27390 |
| 2011 | 0.44946 | 0.14346 | 0.59292 | 1.53000 | 1.67000 | 0.15000 | 0.27740 |
| 2012 | 0.44789 | 0.14346 | 0.59135 | 1.53000 | 1.67000 | - | 0.27740 |
| 2013 | 0.46143 | 0.14346 | 0.60489 | 1.53000 | 1.67000 | - | 0.28290 |
| 2014 | 0.46143 | 0.14346 | 0.60489 | 1.53000 | 1.67000 | - | 0.28490 |
| 2015 | 0.45143 | 0.14346 | 0.59489 | 1.54000 | 1.67000 | - | 0.27220 |
| 2016 | 0.44143 | 0.14346 | 0.58489 | 1.54000 | 1.67000 | - | 0.26200 |
| 2017 | 0.44298 | 0.13895 | 0.58193 | 1.54000 | 1.67000 | - | 0.24841 |
| 2018 | 0.42791 | 0.10895 | 0.53686 | 1.54000 | 1.67000 | - | 0.23780 |

Source: Denton County Appraisal District

CITY OF CORINTH, TEXAS

TABLE D-9

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

| <u>Taxpayer</u> | 2018 | | | 2009 | | |
|--------------------------------|-------------------------------|-------------|---|-------------------------------|-------------|---|
| | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value |
| Boulevard 2010 LLC | 26,178,509 | 1 | 1.34% | | | |
| Denton County Electric Coop | 22,309,376 | 2 | 1.14% | 13,703,387 | 2 | 0.98% |
| Oncor Electric Delivery Co | 13,757,630 | 3 | 0.70% | 12,591,150 | 1 | 0.90% |
| CoSer Electric Coop | 12,864,600 | 4 | 0.66% | | | |
| Oxford 2181 Inc | 12,709,643 | 5 | 0.65% | | | |
| Tower Ridge Corinth I, LTD | 8,682,463 | 6 | 0.44% | 7,482,980 | 4 | 0.54% |
| HEB Grocery Company LP | 8,261,218 | 7 | 0.42% | | | |
| Utter, Bill | 8,093,666 | 8 | 0.41% | 5,220,167 | 8 | 0.37% |
| Anixter, Inc. | 7,582,667 | 9 | 0.39% | | | |
| Kensington Square LP PS | 7,497,667 | 10 | 0.38% | 6,787,200 | 6 | 0.49% |
| Utter Properties LLC | | | | 7,084,072 | 5 | 0.51% |
| Corinth Autumn Oaks, LP | | | | 4,415,366 | 10 | 0.32% |
| HD Supply Utilities LTD #3430 | | | | 4,915,664 | 9 | 0.35% |
| North Texas Nissan Realty, Inc | | | | 5,447,884 | 7 | 0.39% |
| Corinth Investor Holdings LLC | | | | 7,847,237 | 3 | 0.56% |
| Total | \$ 127,937,439 | | 6.55% | \$75,495,107 | | 5.41% |

Source: Denton Central Appraisal District

CITY OF CORINTH, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE D-10

| Fiscal Year Ended September 30 | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|----------------------------|--|----------------------------------|----------------------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 2009 | 8,213,110 | 8,155,554 | 99.30% | 56,447 | 8,212,001 | 99.99% |
| 2010 | 8,124,258 | 8,023,338 | 98.76% | 100,109 | 8,123,447 | 99.99% |
| 2011 | 8,222,763 | 8,121,978 | 98.77% | 98,210 | 8,220,188 | 99.97% |
| 2012 | 8,300,538 | 8,207,634 | 98.88% | 90,305 | 8,297,939 | 99.97% |
| 2013 | 8,453,267 | 8,425,528 | 99.67% | 24,399 | 8,449,927 | 99.96% |
| 2014 | 8,663,332 | 8,630,897 | 99.63% | 22,326 | 8,653,223 | 99.88% |
| 2015 | 9,187,621 | 9,160,871 | 99.71% | 9,768 | 9,170,639 | 99.82% |
| 2016 | 9,594,646 | 9,568,054 | 99.72% | 8,167 | 9,576,221 | 99.81% |
| 2017 | 10,467,690 | 10,432,195 | 99.66% | 3,953 | 10,436,148 | 99.70% |
| 2018 | 10,503,022 | 10,472,993 | 99.71% | - | 10,472,993 | 99.71% |

Note:

Current year original tax levy net of supplements and adjustments in current tax year.
 Collections in subsequent years are net of supplements and adjustments in subsequent years.

Source: Denton County Tax Office

CITY OF CORINTH, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

TABLE D-11

| Fiscal Year | Corinth Direct Sales Tax Rate | Corinth Street Maintenance Sales Tax | Economic Development Sec. 4(B) Sales Tax | Corinth Crime Control & Prevention Sales Tax |
|--------------------|--------------------------------------|---|---|---|
| 2009 | 1.00% | 0.25% | 0.50% | 0.25% |
| 2010 | 1.00% | 0.25% | 0.50% | 0.25% |
| 2011 | 1.00% | 0.25% | 0.50% | 0.25% |
| 2012 | 1.00% | 0.25% | 0.50% | 0.25% |
| 2013 | 1.00% | 0.25% | 0.50% | 0.25% |
| 2014 | 1.00% | 0.25% | 0.50% | 0.25% |
| 2015 | 1.00% | 0.25% | 0.50% | 0.25% |
| 2016 | 1.00% | 0.25% | 0.50% | 0.25% |
| 2017 | 1.00% | 0.25% | 0.50% | 0.25% |
| 2018 | 1.00% | 0.25% | 0.50% | 0.25% |

Source: City of Corinth Finance department

CITY OF CORINTH, TEXAS
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS

| | 2009 | 2010 | 2011 | 2012 |
|-----------------------|--------------------|--------------------|--------------------|--------------------|
| Construction | 1,292,850 | 311,261 | 942,329 | 2,146,600 |
| Manufacturing | 2,753,171 | 923,369 | 738,294 | 484,720 |
| Utilities | 84,365,709 | 90,520,993 | 90,939,863 | 82,316,673 |
| Wholesale Trade | 2,603,344 | 3,213,997 | 4,319,250 | 2,532,277 |
| Retail Trade | 19,620,574 | 20,762,549 | 22,852,835 | 26,103,441 |
| Services | 4,527,386 | 4,879,098 | 5,710,772 | 6,865,632 |
| Other | 18,906,284 | 19,772,152 | 21,602,742 | 23,290,303 |
| Total | 134,069,318 | 140,383,419 | 147,106,085 | 143,739,646 |
| | | | | |
| Direct Sales Tax Rate | 1.00% | 1.00% | 1.00% | 1.00% |

Note:

Sales tax for 2018 reports first two quarters only due to reporting lag by State Comptroller's Office.

Source: Texas State Comptroller

TABLE D-12

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2,781,669 | 2,318,987 | 4,309,632 | 4,700,702 | 3,994,986 | 2,089,398 |
| 442,231 | 626,667 | 481,999 | 753,527 | 614,605 | 456,463 |
| 92,911,304 | 109,928,880 | 110,581,672 | 104,636,898 | 115,420,823 | 59,574,743 |
| 3,100,915 | 3,088,654 | 7,617,017 | 7,302,049 | 10,649,928 | 4,035,360 |
| 26,504,414 | 27,888,328 | 29,287,734 | 30,504,049 | 33,210,828 | 16,342,574 |
| 6,730,599 | 7,243,623 | 7,228,816 | 7,686,622 | 7,466,146 | 4,210,238 |
| 24,190,424 | 24,648,881 | 25,034,737 | 25,575,315 | 27,498,369 | 16,008,710 |
| 156,661,556 | 175,744,020 | 184,541,607 | 181,159,162 | 198,855,685 | 102,717,486 |
| 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |

CITY OF CORINTH, TEXAS

TABLE D-13

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

| Fiscal Year | General Bonded Debt | | | Percent of Actual Taxable Value of Property | Per Capita General Bonded Debt | Other Governmental Activities Debt | |
|-------------|--------------------------|---------------------------------------|--------------------------|---|--------------------------------|------------------------------------|--|
| | General Obligation Bonds | Certificates of Obligation/ Tax Notes | Total Tax Supported Debt | | | Capital Leases | |
| 2009 | 10,978,150 | 8,473,000 | 19,451,150 | 1.43% | 983 | 23,314 | |
| 2010 | 10,106,450 | 9,364,000 | 19,470,450 | 1.40% | 977 | - | |
| 2011 | 9,082,075 | 10,860,931 | 19,943,006 | 1.43% | 988 | - | |
| 2012 | 8,004,950 | 9,309,385 | 17,314,335 | 1.24% | 848 | - | |
| 2013 | 6,887,875 | 8,682,775 | 15,570,650 | 1.11% | 756 | - | |
| 2014 | 5,738,000 | 8,021,998 | 13,759,998 | 0.96% | 661 | 758,058 | |
| 2015 | 4,611,500 | 7,388,904 | 12,000,404 | 0.78% | 573 | 683,391 | |
| 2016 | 3,458,925 | 20,102,388 | 23,561,313 | 1.44% | 1,118 | 1,298,191 | |
| 2017 | 7,809,874 | 18,335,001 | 26,144,875 | 1.45% | 1,229 | 1,381,618 | |
| 2018 | 6,663,408 | 15,470,001 | 22,133,409 | 1.13% | 1,038 | 1,217,298 | |

| Fiscal Year | Business-Type Activities | | | | Capital Leases | Total Primary Government | Per Capita Primary Government | Percent of Personal Income |
|-------------|--------------------------|----------------------------|------------|--|----------------|--------------------------|-------------------------------|----------------------------|
| | General Obligation Bonds | Certificates of Obligation | Total | | | | | |
| 2009 | 2,176,850 | 13,327,000 | 15,503,850 | | 23,314 | 35,001,628 | 1,769 | 4.78% |
| 2010 | 1,923,550 | 12,956,000 | 14,879,550 | | - | 34,350,000 | 1,723 | 4.64% |
| 2011 | 1,777,925 | 10,509,069 | 12,286,994 | | - | 32,230,000 | 1,597 | 4.30% |
| 2012 | 1,625,050 | 11,060,615 | 12,685,665 | | - | 30,000,000 | 1,469 | 4.15% |
| 2013 | 1,467,125 | 10,492,224 | 11,959,349 | | - | 27,529,999 | 1,337 | 3.67% |
| 2014 | 1,307,000 | 9,898,002 | 11,205,002 | | - | 25,723,058 | 1,235 | 3.30% |
| 2015 | 1,063,500 | 9,341,096 | 10,404,596 | | - | 23,088,391 | 1,102 | 2.87% |
| 2016 | 816,075 | 8,752,609 | 9,568,684 | | - | 34,428,188 | 1,633 | 4.15% |
| 2017 | 7,885,126 | 2,628,570 | 10,513,696 | | - | 38,040,189 | 1,789 | 4.46% |
| 2018 | 6,801,595 | 2,800,000 | 9,601,595 | | - | 32,952,302 | 1,549 | 3.86% |

Source: City of Corinth Finance department

CITY OF CORINTH, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE D-14

| Fiscal Year | General Obligation Bonds | Certificate Obligation Bonds | Total General Bonded Debt | Percent of Actual Taxable Value of Property | Per Capita |
|--------------------|-------------------------------------|---|--------------------------------------|--|-------------------|
| 2009 | 13,155,000 | 21,800,000 | 34,955,000 | 2.51% | 1,766 |
| 2010 | 12,030,000 | 22,320,000 | 34,350,000 | 2.48% | 1,723 |
| 2011 | 10,860,000 | 21,370,000 | 32,230,000 | 2.32% | 1,597 |
| 2012 | 9,630,000 | 20,370,000 | 30,000,000 | 2.16% | 1,469 |
| 2013 | 8,355,000 | 19,174,999 | 27,529,999 | 1.97% | 1,337 |
| 2014 | 7,045,000 | 17,920,000 | 24,965,000 | 1.74% | 1,199 |
| 2015 | 5,675,000 | 16,730,000 | 22,405,000 | 1.36% | 1,069 |
| 2016 | 4,275,000 | 28,854,997 | 33,129,997 | 1.87% | 1,572 |
| 2017 | 15,695,000 | 20,963,571 | 36,658,571 | 1.86% | 1,724 |
| 2018 | 13,465,003 | 18,270,001 | 31,735,004 | 1.48% | 1,489 |

Source: City of Corinth Finance department

CITY OF CORINTH, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

| | 2009 | 2010 | 2011 | 2012 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit | \$ 142,209,231 | \$ 138,701,335 | \$ 139,050,693 | \$ 139,178,661 |
| Total Net Debt Applicable to Limit | <u>34,200,916</u> | <u>30,682,714</u> | <u>28,552,904</u> | <u>28,999,184</u> |
| Legal Debt Margin | <u>\$ 108,008,315</u> | <u>\$ 108,018,621</u> | <u>\$ 110,497,789</u> | <u>\$ 110,179,477</u> |
| Total Net Debt Applicable to the Limit | | | | |
| As a Percentage of Debt Limit | 24.05% | 22.12% | 20.53% | 20.84% |

Source: City of Corinth Finance department

TABLE D-15

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 139,721,850 | \$ 143,078,278 | \$ 165,239,578 | \$ 163,852,059 | \$ 179,938,315 | \$ 195,265,479 |
| 26,529,182 | 24,636,963 | 22,180,581 | 32,782,746 | 33,639,319 | 31,435,810 |
| \$ 113,192,668 | \$ 118,441,315 | \$ 143,058,997 | \$ 131,069,313 | \$ 146,298,996 | \$ 163,829,669 |
| 18.99% | 17.22% | 13.42% | 20.01% | 18.69% | 16.10% |

| | |
|---|------------------------------|
| Assessed Value | \$ 1,952,654,794 |
| Debt Limit (10% of Assessed Value) | 195,265,479 |
| Debt Applicable to Limit: | |
| Total Debt Outstanding | 31,735,004 |
| Less: Amount Set Aside for Repayment of Debt | <u>299,194</u> |
| Total Net Debt applicable to Limit | <u>31,435,810</u> |
| Legal Debt Margin | <u><u>\$ 163,829,669</u></u> |

CITY OF CORINTH, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT

TABLE D-16

| Governmental Unit | Debt Outstanding | Estimated Percent Applicable (1) | Estimated Share of Direct & Overlapping Debt |
|--|-------------------------|---|---|
| Debt Repaid With Property Taxes | | | |
| Denton Co. | \$ 612,630,000 | 2.16% | \$ 13,232,808 |
| Denton ISD | 1,167,039,104 | 6.42% | \$ 74,923,910 |
| Lake Dallas ISD | 77,342,787 | 44.45% | \$ 34,378,869 |
| Subtotal, Overlapping Debt | | | 122,535,587 |
| City Direct Debt (2) | | | <u>25,815,298</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 148,350,885</u> |
| Total Direct and Overlapping Debt % of AV | | | 7.14% |
| Total Direct and Overlapping Debt per Capita | | | \$ 7,293 |

Source: Compiled by Hilltop Securities Inc. using data from the Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the City of Corinth. This process recognizes that, when considering the City of Corinth's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable value that is within the City of Corinth's boundaries and dividing it by the overlapping government's total taxable assessed value.

(2) Does not include self-supporting debt.

CITY OF CORINTH, TEXAS

TABLE D-17

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Population [1] | 19,788 | 19,935 | 20,177 | 20,424 | 20,597 | 20,824 | 20,957 | 21,078 | 21,269 | 21,320 |
| Median Household Income [2] | 95,696 | 96,653 | 99,127 | 101,176 | 104,211 | 106,877 | 109,543 | 112,169 | 114,412 | 117,180 |
| Per Capita Personal Income | 36,987 | 37,097 | 37,135 | 35,388 | 36,450 | 37,411 | 38,372 | 39,357 | 40,144 | 40,683 |
| Median Age | 32 | 32 | 33 | 36 | 36 | 36 | 36 | 36 | 36 | 36 |
| Education Level [3] | | | | | | | | | | |
| School Enrollment | N/A | 3,465 | 3,338 | 3,533 | 3,398 | 3,490 | 3,582 | 3,408 | 3,514 | 3,547 |
| High school graduate or higher | 96% | 96% | 96% | 96% | 97% | 97% | 97% | 97% | 96% | 96% |
| Bachelor's degree or higher | 40% | 42% | 42% | 43% | 40% | 42% | 42% | 40% | 40% | 40% |
| Unemployment [4] | 7.10% | 7.10% | 6.60% | 5.70% | 5.30% | 4.40% | 4.40% | 3.80% | 3.10% | 2.90% |

[1] The figure for 2018 are an estimate based on current trends.

[2] These figures are based on Catalyst Commercial and current trends.

[3] The school enrollment (Denton / Lake Dallas ISD) figures are based on numbers provided by the Texas Education Agency (TEA).

[4] The unemployment figures shown above are for Denton County, as calculated by the Labor Market and Career Information (LMCI) Department of the Texas Workforce Commission.

Source: City of Corinth Economic Development

TABLE D-18

CITY OF CORINTH, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

| | 2018 | | | 2009 | | |
|-----------------------------------|--------------|------|----------------------------------|--------------|------|----------------------------------|
| | Employees | Rank | Percent of Total City Employment | Employees | Rank | Percent of Total City Employment |
| CoServ | 500 | 1 | 7.05% | 325 | 2 | 7.49% |
| North Central Texas College | 340 | 2 | 4.79% | 205 | 3 | 4.73% |
| Lake Dallas ISD | 210 | 3 | 2.96% | | | |
| Denton ISD | 173 | 4 | 2.44% | | | |
| City of Corinth | 160 | 5 | 2.26% | 160 | 4 | 3.69% |
| Bill Utter Ford | 150 | 6 | 2.12% | 110 | 7 | 2.54% |
| Denton Area Teachers Credit Union | 116 | 7 | 1.64% | | | |
| Oakmont Country Club | 108 | 8 | 1.52% | | | |
| Albertsons | 100 | 9 | 1.41% | 108 | 6 | 2.49% |
| Gunn Nissan | 76 | 10 | 1.07% | | | |
| Labinal | | | | 713 | 1 | 16.44% |
| Grande Communications | | | | 100 | 5 | 2.31% |
| Harley Davidson | | | | 50 | 8 | 1.15% |
| Total | 1,933 | | 27.26% | 1,771 | | 40.84% |

Source: City of Corinth Economic Development

CITY OF CORINTH, TEXAS

TABLE D-19

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | | | |
| City Administration | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Legal | 1.00 | 1.00 | 1.00 | 1.00 | - | - | - | - | - | - |
| Police | 31.00 | 28.00 | 28.00 | 28.00 | 31.00 | 32.00 | 33.00 | 34.00 | 35.00 | 35.00 |
| Animal Control | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 2.00 | 2.00 |
| Lake Cities Fire Department | 41.00 | 41.00 | 41.00 | 40.00 | 40.00 | 41.00 | 41.00 | 41.00 | 44.00 | 53.00 |
| Streets | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 6.00 | 7.00 | 7.00 | 7.00 |
| Fleet Maintenance | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | - | - |
| Community Development | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 |
| Planning | 5.00 | 4.00 | 4.00 | 3.00 | 4.00 | 5.00 | 5.00 | 5.00 | 5.00 | 6.00 |
| Code Enforcement | - | - | - | - | - | - | - | - | - | - |
| Municipal Court | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | 5.00 | 5.00 | 4.00 | 4.00 | 4.00 |
| Parks & Recreation | 18.30 | 17.80 | 17.80 | 17.50 | 17.50 | 16.00 | 16.00 | 14.00 | 9.00 | 11.00 |
| Finance | 7.00 | 6.50 | 6.50 | 6.50 | 6.50 | 7.50 | 7.50 | 7.50 | 7.50 | 6.50 |
| Human Resources | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 |
| Information Services | 2.00 | 2.50 | 2.50 | 3.00 | 3.00 | 4.00 | 4.00 | 5.00 | 5.00 | 5.00 |
| Water/Wastewater Fund | | | | | | | | | | |
| Water/Wastewater | 23.00 | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 22.00 | 22.00 | 19.00 | 19.00 |
| Engineering | - | - | - | - | - | - | - | - | 4.00 | 4.00 |
| Utility Billing | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Storm Drainage Fund | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Corinth Economic Development Corp. | 2.00 | 2.00 | 2.00 | 2.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Crime Control District Fund | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Child Safety Program Fund | - | 0.34 | 0.34 | 0.34 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Court Security Fund | - | - | - | - | - | - | 0.50 | 0.50 | - | - |
| Total | 164.80 | 158.64 | 158.64 | 156.84 | 159.00 | 162.50 | 163.00 | 163.00 | 162.00 | 174.00 |

Code Enforcement was combined with Community Development starting in 2009.

Source: City of Corinth Adopted Budget.

CITY OF CORINTH, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE D-20

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| New Single Family Home Building Permits | 20 | 25 | 32 | 18 | 18 | 23 | 47 | 53 | 63 | 75 |
| New Commercial Building Permits | 2 | 2 | 2 | 2 | - | 4 | 5 | 7 | 13 | 4 |
| Police | | | | | | | | | | |
| Physical Arrests | 531 | 516 | 410 | 349 | 316 | 304 | 329 | 426 | 513 | 458 |
| Parking Violations | 41 | 20 | 38 | 14 | 3 | 7 | 22 | - | - | - |
| Traffic Violations | 5,978 | 6,046 | 5,544 | 5,787 | 7,021 | 7,436 | 7,196 | 6,013 | 6,573 | 7,158 |
| Fire | | | | | | | | | | |
| Emergency Responses | 2,198 | 2,422 | 2,600 | 2,655 | 2,889 | 3,164 | 3,372 | 3,475 | 3,237 | 3,246 |
| Structure Fires Extinguished | 55 | 56 | 66 | 49 | 36 | 21 | 18 | 37 | 26 | 34 |
| Inspections | 313 | 376 | 395 | 180 | 621 | 434 | 204 | 403 | 403 | 490 |
| Other Public Works | | | | | | | | | | |
| Street Resurfacing (miles) | <1 | 2.5 | 2.7 | 1.5 | <1 | <1 | <1 | <1 | <1 | <1 |
| Potholes Repaired | 1,110 | 637 | 1,160 | 2,948 | 120 | 77 | 244 | 126 | 96 | 226 |
| Parks and Recreation | | | | | | | | | | |
| Classes offered (hours) | 1,424 | 894 | 454 | 273 | 286 | 437 | 310 | 72 | 68 | 60 |
| Participants | 7,162 | 4,420 | 4,105 | 1,936 | 2,225 | 3,822 | 6,609 | 320 | 224 | 208 |
| Special events (hours) | 963 | 1,351 | 4,484 | 1,054 | 2,381 | 3,432 | 2,699 | 3,530 | 3,378 | 3,773 |
| Class Participants | 22,065 | 31,409 | 39,567 | 8,312 | 4,714 | 5,185 | 2,394 | 3,375 | 3,209 | 3,315 |
| Association Participants | 83,010 | 115,910 | 126,940 | 25,236 | 20,327 | 18,806 | 29,792 | 26,766 | 21,012 | - |
| Athletic League Participants | - | - | - | 67,056 | 32,022 | 22,944 | 7,936 | - | - | - |
| Recreation center Participants | 7,095 | 5,327 | 4,243 | 7,610 | 8,088 | 4,862 | 2,510 | - | - | - |
| Water | | | | | | | | | | |
| New Connections | 15 | 35 | 50 | 18 | 19 | 26 | 56 | 44 | 105 | 125 |
| Water Main Breaks | 26 | 9 | 8 | 3 | 13 | 9 | 8 | 6 | 5 | 7 |
| Average Daily Consumption (millions of gallons billed) | 2.60 | 2.24 | 3.77 | 4.24 | 3.66 | 3.16 | 3.54 | 2.56 | 2.51 | 2.69 |
| Peak Demand (millions of gallons pumped) | 6.24 | 6.36 | 7.99 | 7.32 | 6.08 | 6.01 | 6.71 | 6.84 | 5.79 | 7.81 |
| Wastewater | | | | | | | | | | |
| New Connections | 16 | 35 | 43 | 18 | 19 | 23 | 51 | 35 | 92 | 116 |
| Average Daily Sewage Treatment (MGD) | | | | | | | | | | |
| Upper Trinity Regional Water District | 1.05 | 1.20 | 1.02 | 1.10 | 1.08 | 1.06 | 1.19 | 1.40 | 1.24 | 1.27 |
| City of Denton (estimate) | 0.84 | 0.92 | 0.30 | 1.78 | 0.25 | 0.29 | 0.20 | 0.25 | 0.78 | 0.26 |

Note:

In prior years class participants included volunteers and hours, in FY2012 the methodology was revised to only count the actual participants.

In FY2012 the City started managing the baseball programs so athletic participation was added to be able to track City program participation.

In 2014-15 the City turned over the baseball program to the Softball Association.

The City of Denton bills the City of Corinth based on one sewage flow meter and two areas based on connection count; flows are based on estimates.

Source: Various City of Corinth departments.

CITY OF CORINTH, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE D-21

| Function/Program | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Fire Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| Other Public Works | | | | | | | | | | |
| Streets (miles) [1] | 110.00 | 110.50 | 110.50 | 88.99 | 88.99 | 88.99 | 88.99 | 88.99 | 92.37 | 92.43 |
| Highways (miles) [2] | 3.10 | 3.10 | 3.10 | 6.29 | 6.29 | 6.29 | 6.29 | 6.29 | 6.29 | 6.29 |
| Traffic Signals | 2 | 2 | 6 | 7 | 8 | 8 | 8 | 8 | 8 | 8 |
| Parks and Recreation | | | | | | | | | | |
| Acreage | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| Playgrounds | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Baseball/Softball Fields | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 |
| Soccer/Football Fields | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 8 | 8 | 8 |
| Recreation Centers [4] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | - |
| Trails (miles) | 12.74 | 12.74 | 12.74 | 12.74 | 12.74 | 12.74 | 12.74 | 12.74 | 12.74 | 12.74 |
| Water | | | | | | | | | | |
| Connections | 6,719 | 6,766 | 6,780 | 6,809 | 6,810 | 6,831 | 6,977 | 7,016 | 7,113 | 7,203 |
| Water Mains (miles) | 105.47 | 106.14 | 108.06 | 110.40 | 110.63 | 111.77 | 112.70 | 113.48 | 115 | 118 |
| Fire Hydrants | 774 | 785 | 787 | 810 | 822 | 826 | 836 | 855 | 883 | 896 |
| Storage Capacity (millions of gallons) | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 7.50 | 7.50 | 7.50 | 7.50 |
| Subscribed Capacity, UTRWD (MGD) | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 |
| Wastewater | | | | | | | | | | |
| Connections | 6,452 | 6,433 | 6,512 | 6,537 | 6,536 | 6,573 | 6,705 | 6,736 | 6,818 | 6,903 |
| Sanitary Sewers (miles) | 96.21 | 96.38 | 97.64 | 97.88 | 98.33 | 98.09 | 98.30 | 98.99 | 102.19 | 102.34 |
| Storm Sewers (miles) | 33.46 | 35.30 | 36.85 | 38.37 | 38.73 | 38.71 | 39.80 | 40.59 | 41.49 | 41.66 |
| Treatment Capacity, UTRWD (MGD) [3] | 4.82 | 4.82 | 4.82 | 4.82 | 4.82 | 4.82 | 4.82 | 4.82 | 4.82 | 4.82 |

Note:

[1] The reduction in streets is due to the elimination of unpaved streets from the database.

[2] The increase in highways is due to the addition of the northbound and southbound roadways.

[3] The City of Denton bills the City of Corinth based on one sewage flow meter and two areas based on connection count; UTRWD uses a take-or-pay system of billing in which the member city (Corinth) purchases peak capacity. UTRWD data is corrected per original contracts.

[4] The decrease is due to no longer using the Crownover Middle School Building for recreation activities.

Source: Various City of Corinth departments.

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