

**City of Corinth, Texas**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended**  
**September 30, 2007**



Department of Finance and Administrative Services  
Finance Division

Kathy DuBose, CPA, CGFO  
Director of Finance

Barbara Whitehorn  
Controller

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal.....	1	
GFOA Certificate of Achievement.....	7	
Organizational Chart.....	8	
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report on Financial Statements.....	11	
Management's Discussion and Analysis (Required Supplementary Information).....	13	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	27	Exhibit A-1
Statement of Activities.....	28	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	30	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	33	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	34	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	36	Exhibit A-6
Statement of Net Assets - Enterprise Funds.....	37	Exhibit A-7
Statement of Revenues, Expenses, and Changes in		
Fund Net Assets - Enterprise Funds.....	38	Exhibit A-8
Statement of Cash Flows - Proprietary Funds.....	39	Exhibit A-9
Statement of Fiduciary Net Assets - Fiduciary Funds.....	40	Exhibit A-10
Notes to the Financial Statements .....	41	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	63	Exhibit B-1
<u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	67	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	68	Exhibit C-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	70	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	72	Exhibit C-4

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Budgetary Comparison Schedules:		
Street Maintenance Sales Tax Fund.....	74	Exhibit C-5
Crime Control & Prevention Fund.....	75	Exhibit C-6
Debt Service Funds:		
Budgetary Comparison Schedule:		
Debt Service Fund.....	76	Exhibit C-7
Fiduciary Funds:		
Agency Funds:		
Combining Statement of Changes in Assets and Liabilities.....	77	Exhibit C-8
Budgetary Comparison Schedule:		
Corinth Economic Development 4(B) Sales Tax Fund.....	78	Exhibit C-9
 STATISTICAL SECTION		
Net Assets by Component.....	80	Table D-1
Expenses, Program Revenues, and Net (Expense)/Revenue.....	81	Table D-2
General Revenues and Total Change in Net Assets.....	82	Table D-3
Fund Balances of Governmental Funds.....	83	Table D-4
Changes in Fund Balances of Governmental Funds.....	84	Table D-5
Tax Revenues by Source, Governmental Funds.....	85	Table D-6
Assessed Value and Estimated Actual Value of Taxable Property.....	86	Table D-7
Direct and Overlapping Property Tax Rates.....	87	Table D-8
Principal Property Tax Payers.....	88	Table D-9
Property Tax Levies and Collections.....	89	Table D-10
Taxable Sales by Category.....	90	Table D-11
Direct and Overlapping Sales Tax Rates.....	91	Table D-12
Principal Sales Tax Remitters.....	92	Table D-13
Ratios of Outstanding Debt by Type.....	93	Table D-14
Ratios of General Bonded Debt Outstanding.....	94	Table D-15
Direct and Overlapping Governmental Activities Debt.....	95	Table D-16
Legal Debt Margin Information.....	96	Table D-17
Demographic and Economic Statistics.....	97	Table D-18
Principal Employers.....	98	Table D-19
Full-Time-Equivalent Employees by Function/Program.....	99	Table D-20
Operating Indicators By Function/Program.....	100	Table D-21
Capital Asset Statistics by Function/Program.....	101	Table D-22



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3300 Corinth Parkway · Corinth, TX · 940.498.3200

February 20, 2008

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, 2007. 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). Because 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.

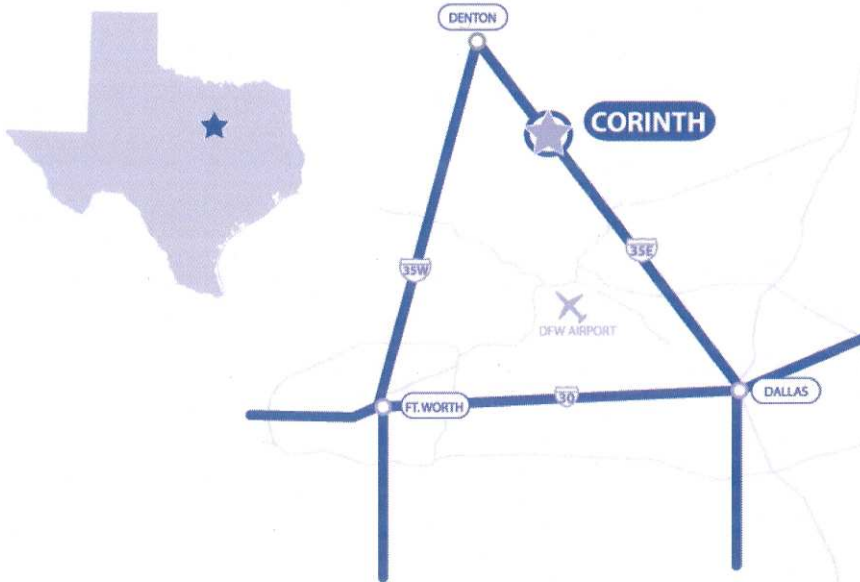
The City of Corinth's financial statements have been audited by Rutledge, Crain & Company, PC, a firm of licensed certified public accountants. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City of Corinth, for the fiscal year ended September 30, 2007, 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, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this annual report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). 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.

## PROFILE OF THE GOVERNMENT

The City of Corinth, which incorporated 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 and serves a growing population of approximately 19,450. The City is empowered to levy a property tax on real property located within its boundaries. Corinth is also empowered, by state statute, to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the governing council of the City.



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 is responsible for, among other things, 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, fire, and animal control), 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 Lake Cities Fire Department, a legally separate entity, provides fire and ambulance service for the City and three of Corinth's sister cities; Shady Shores, Lake Dallas, and Hickory Creek. See note IV.D. for subsequent changes to Corinth fire and EMS services.



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, function (i.e., Community Development), department (i.e., Planning & Community Development) and division (i.e., Code Enforcement). Department Directors may make transfers of appropriations between divisions within a department. 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.

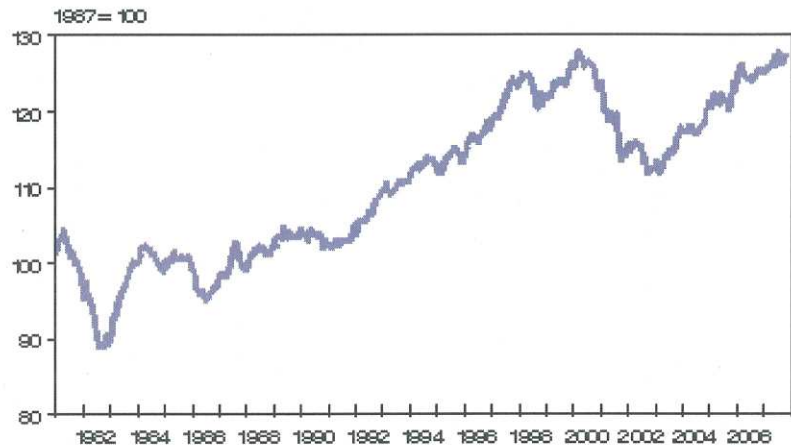
**FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local Economy** - The City of Corinth, as well as the State of Texas, experienced a weaker economy in 2007. The overall Texas economy is still moderately healthy as Texas housing markets have not been hit as hard as other parts of the country. According to the Texas Index of Leading Indicators, published by the Dallas Federal Reserve, the Texas economy experienced slowed employment growth and the downturn in the housing sector is evidenced by the fall in single-family building permits. Economists at the Dallas Federal Reserve noted, "Overall, employment data and anecdotal sources point to a weaker Texas economy, but one that is still quite healthy and stronger than the national economy."<sup>1</sup>

**TEXAS INDEX OF LEADING INDICATORS**

MONTHLY, SEASONALLY ADJUSTED, 1987=100



LAST DATA ENTRY OCTOBER 2007

The local economy of Corinth expanded at a modest rate. Corinth continues to rely heavily on property tax to support its continuing operations, with the City being approximately 85 percent residential. Certified property values rose for the 2006 tax year by \$72.4 million, a 6.0 percent increase over the 2005 certified value, which had increased only 2.4 percent over the previous year. While home values increased, franchise fees from locally operating utility companies came in significantly under expectations due to the mild weather experienced in the region during the spring and summer. Increased rainfall reduced not only electric franchise fees but also water consumption and the resultant revenue.

Sales tax revenue increased during the fiscal year by a moderate amount, but significantly less than the increase of 19 percent in the prior year. Primarily a residential community, Corinth relies heavily on sales tax from taxes paid on utilities. With mild weather for the majority of fiscal year 2007, the sales tax collected on utilities was considerably below average. That sales tax collections nevertheless increased overall indicates healthy growth in Corinth's retail sales. All sales tax collections are as reported by the Texas Comptroller of Public Accounts<sup>2</sup>.

The north central region of Texas possesses a varied manufacturing and industrial base. Approximately half of the local workforce is employed in management, professional, and related occupations. Figures from the Texas Workforce Commission indicate a local unemployment rate (Denton County) of 4.0 percent.<sup>3</sup> For the

<sup>1</sup> Source: Federal Reserve Bank of Dallas, Regional Economic Update. [www.dallasfed.org](http://www.dallasfed.org).

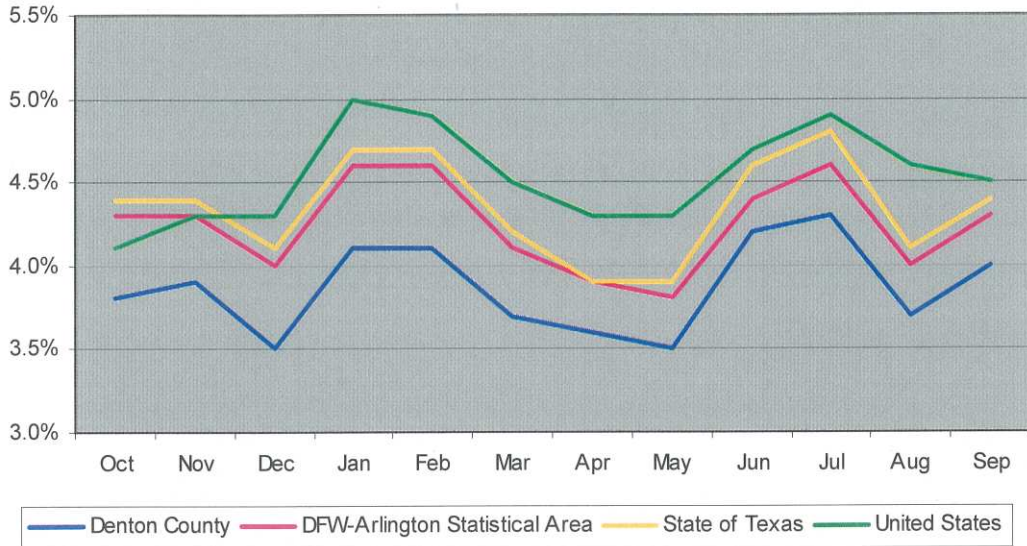
<sup>2</sup> Collections for the twelve month period ending September 30, 2007.

<sup>3</sup> Source: Texas Workforce Commission. [www.twc.state.tx.us](http://www.twc.state.tx.us)

same period the Dallas Fort Worth-Arlington Statistical Area unemployment rate was 4.3 percent, the overall state of Texas rate was 4.4 percent and the nation as a whole was 4.5 percent.<sup>4</sup>

The local 4.0 percent rate is an increase from 3.8 percent for the same period one year ago. Unemployment in Corinth and surrounding areas, while tracking similarly, is consistently lower than that of the Dallas Fort Worth area, the state of Texas and the nation. (Figure 1.)

**Figure 1: Comparative Unemployment Rates, FY 2007**



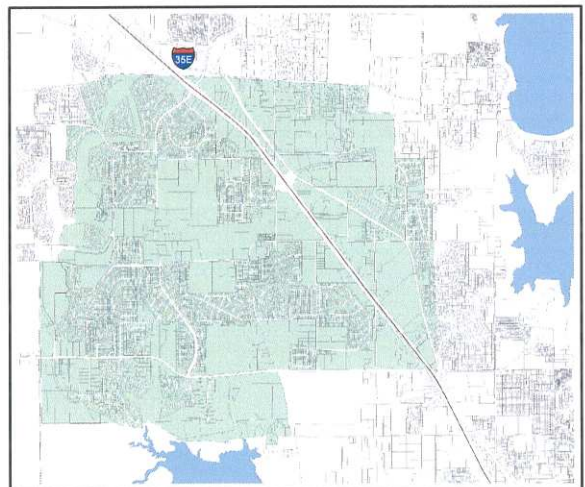
Major employers in the City of Corinth include:

- Labinal Corporation
- CoServ Electric
- North Central Texas College
- Albertson's
- Bill Utter Ford
- Grande Communications
- Harley Davidson
- Aerospace manufacturing
- Electric utility
- Secondary education
- Grocery retailer
- Auto dealership
- Telecommunications
- Motorcycle sales

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 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.

**LONG-TERM FINANCIAL PLANNING**

The ongoing financial management of the City requires long-term planning for growth and development as well as



<sup>4</sup> Source: Texas Workforce Commission. [www.twc.state.tx.us](http://www.twc.state.tx.us); seasonally unadjusted unemployment rate.

maintenance of the existing infrastructure. The management and staff remain committed to strategic planning for the future of the City and continuing to provide services to the residents and businesses of Corinth.



The five-year capital improvement plan developed in fiscal year 2006 was implemented in 2007. The City issued \$23,630,000 in combination tax and revenue certificates of obligation for infrastructure needs on August 16, 2007. Water, wastewater and drainage projects comprise approximately two-thirds of the funding. Streets infrastructure needs account for 85% of the remaining funds, with the balance dedicated to City-wide technology infrastructure improvements.

The five-year rate structure update for water and wastewater services adopted with the fiscal year 2006-07 budget continued with the adoption of the 2007-08 budget. The staff, City Manager and Council maintain a commitment to work together to evaluate the economic factors affecting the cost of providing service and how best to meet the needs of the citizens and businesses of Corinth.

## **CASH MANAGEMENT POLICIES AND PRACTICES**

The City updates the formal investment policy each November. The purpose of the investment policy is to set forth specific investment policy and strategy guidelines for the City in order to achieve the goals of safety, liquidity, rate of return, and public trust for all investment activities.

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

- 1) **Safety – Preservation and Safety of Principal**  
Safety of principal invested is the foremost objective in the investment decisions of the City.
- 2) **Liquidity**  
The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the City's cash flow requirements and by investing in securities with active secondary markets.
- 3) **Diversification**  
Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the City.
- 4) **Market Rate-of-Return (Yield)**  
The City's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio.
- 5) **Public Trust**  
The Investment Officer shall avoid any transactions that might impair public confidence in the City's ability to govern effectively. The prudence of the investment decision shall be measured in accordance with the tests set forth in Section 2256.006(b) of the Public Funds Investment Act.

The City began an active investment program at the end of fiscal year 2006. The maturities of the investments range from 30 days to 36 months, with an average maturity of approximately 326 days. The average yield on investments each quarter was 5.12 percent. Corinth adheres to the investment guidelines set forth in the Public Funds Investment Act (PFIA). A copy of the City's investment policy may be found in the City's 2007-08 Operating Budget document.



**Pension and Other Post-Employment Benefits** - The City of Corinth participates in the Texas Municipal Retirement Service (TMRS) pension plan for its employee's retirement. These benefits are provided through a statewide plan managed by the State. The City of Corinth has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment. See Note IV.B for further information on changes in the actuarial assumptions and other changes within the Texas Municipal Retirement System.

**AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Association of the United States and Canada (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, 2006. In order to be awarded the *Certificate of Achievement*, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report which contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A *Certificate of Achievement* is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report 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 to the *Certificate*, the City received GFOA's *Award for Distinguished Budget Presentation* for its fiscal year 2007 annual budget document. In order to qualify for the *Award*, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and as an operations guide. Together, the *Award* and the *Certificate* acknowledge Finance Division staff's dedication to producing documents that effectively communicate the City's financial condition to elected officials, city administrators, and the citizens of Corinth.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration services department. We would like to express our appreciation for the assistance provided by our auditors, Rutledge, Crain & Company. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Corinth and its finances.

Respectfully Submitted,

Signature Redacted

Clovia English  
City Manager

Signature Redacted

Kathy DuBose  
Director of Finance

# 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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

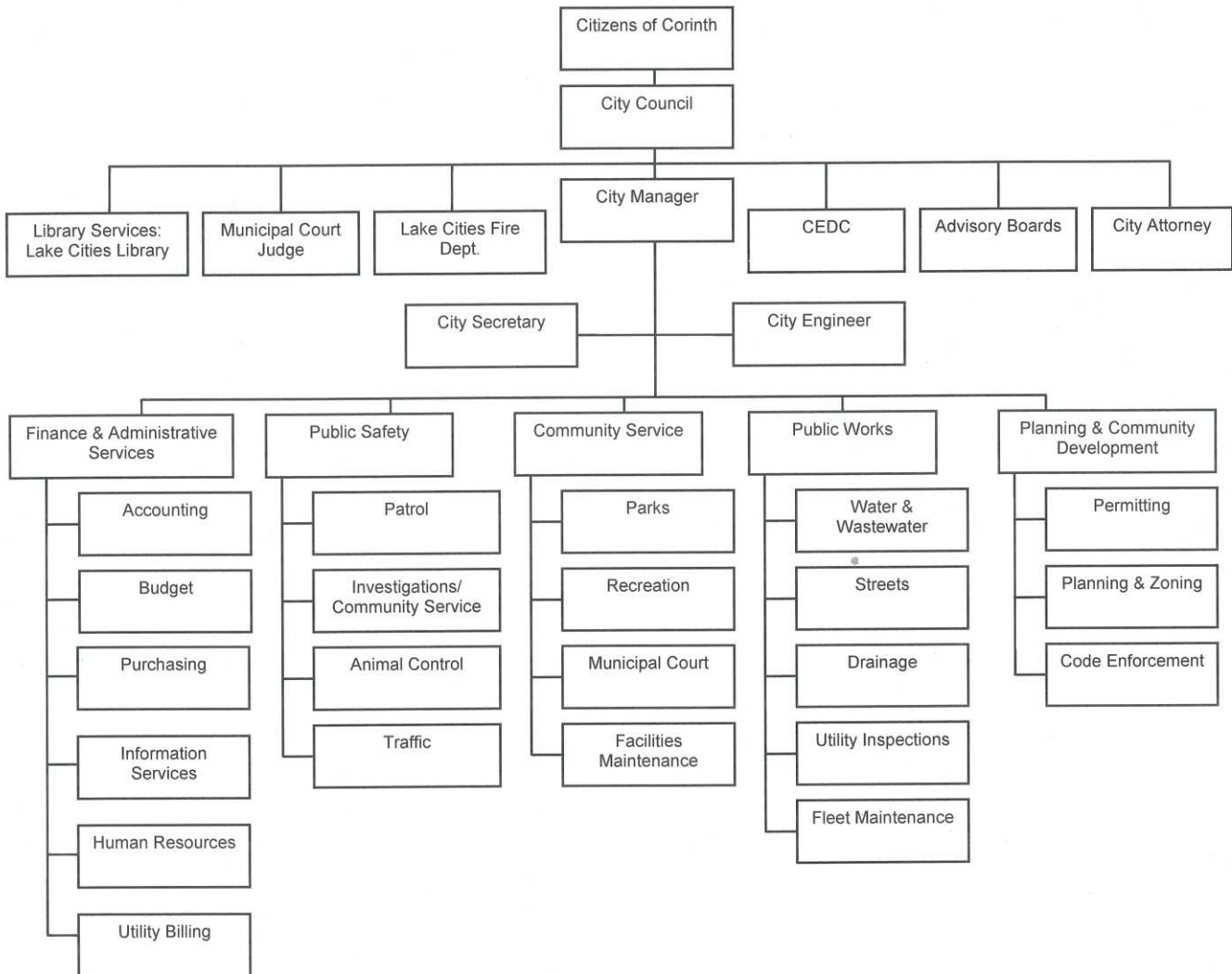
*Jeffrey R. Emer*

Executive Director

**City of Corinth  
Mission Statement**

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

**ORGANIZATIONAL CHART, Fiscal Year 2006-07**



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

***Elected Officials:***

Victor Burgess  
Mayor

Paul Ruggiere  
Mayor Pro Tem, Council Place I

Jim Mayfield  
Council Place II

Ronnie Glasscock  
Council Place III

Joe Harrison  
Council Place IV

Shannon Bryan  
Council Place V

***Appointed Officials:***

Clovia English  
City Manager

Kathy DuBose, CPA, CGFO  
Director of Finance and Administrative Services

Don Locke  
Director of Public Works

Fred Gibbs  
Director of Planning and Community Development

Paul Leslie  
Director of Community Services

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RUTLEDGE CRAIN & COMPANY, PC  
CERTIFIED PUBLIC ACCOUNTANTS  
2401 Garden Park Court, Suite B  
Arlington, Texas 76013

INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Corinth, Texas

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 City of Corinth, Texas, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Corinth, Texas management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 13 through 24 and 63 through 64, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corinth, Texas basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 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 express no opinion on them.

*Rutledge Crain & Company, PC*

February 14, 2008

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## Management's Discussion and Analysis

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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is included in this report.

## Financial Highlights

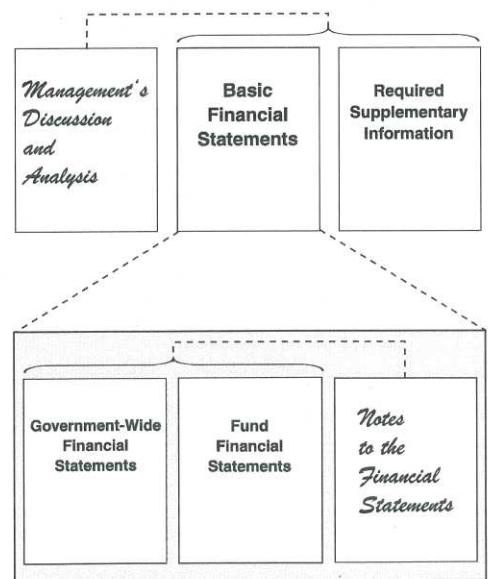
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$73,171,406 (*net assets*). Of this amount, \$10,825,612 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased \$2,843,173 in comparison with the prior year restated. (Note I.E.) The increase in net assets reflects the degree to which revenues exceeded expenses for fiscal year 2006, net of changes to beginning net assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,271,980, an increase of \$8,884,536 in comparison with the prior year. Of the combined ending balances, \$16,602,097 or 90.9 percent is available for spending within the City's guidelines (*unreserved fund balance*).
- The City's unreserved fund balance for the general fund was \$6,197,669, or 51.9 percent of total budgeted general fund expenditures for fiscal year 2007-08.
- The City's long term liabilities of \$39,891,748 increased \$23,334,081 during fiscal year 2007. The increase reflects the issuance of \$23,630,000 Combination Tax and Revenue Certificates of Obligation for water, wastewater, streets, drainage and technology infrastructure projects.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Corinth's basic financial statements. The City of Corinth basic financial statements comprise 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 themselves. The basic financial statements include two kinds of statements that present different views of the City:

- 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 government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government 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 businesses*.
- *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.

### Required Components of the City's Annual Financial Report



Summary ← → Detail



## Management's Discussion and Analysis

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 assets* presents information on all of the City of Corinth's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 of the 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.

The government-wide financial statements can be found starting on page 27 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 of 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 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.

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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenditures &amp; changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
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

## Management's Discussion and Analysis

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 maintains ten 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, debt service fund and capital projects fund, which are considered to be major funds. Data from the non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor 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 starting on page 30 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 fund.

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 utility fund and the storm water utility fund. The water and wastewater utility fund is considered to be a major fund 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 41 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$73,171,406 at the close of the most recent fiscal year.

By far the largest portion of the City of Corinth's net assets (83.2 percent) reflects its investment in capital assets (e.g., land, buildings, 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 assets (2.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$10,825,612) 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 all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year as restated. (Note I.E.)

## Management's Discussion and Analysis

TABLE I  
City of Corinth Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 20,129,794	\$ 10,373,984	\$ 20,248,331	\$ 3,756,375	\$ 40,378,125	\$ 14,130,359
Capital assets	55,917,459	57,961,990	19,309,256	16,616,175	75,226,715	74,578,165
Total assets	76,047,253	68,335,974	39,557,587	20,372,550	115,604,840	88,708,524
Long-term liabilities outstanding	20,906,341	13,683,966	18,985,407	2,873,701	39,891,748	16,557,667
Other liabilities	1,362,483	671,650	1,179,203	1,072,443	2,541,686	1,744,093
Total liabilities	22,268,824	14,355,616	20,164,610	3,946,144	42,433,434	18,301,760
Net assets:						
Invested in capital assets, net of related debt	44,765,230	45,102,746	16,104,296	13,801,367	60,869,526	58,904,113
Restricted	1,476,268	3,043,520	-	-	1,476,268	3,043,520
Unrestricted	7,536,931	5,755,561	3,288,681	2,625,039	10,825,612	8,380,600
Total net assets	\$ 53,778,429	\$ 53,901,827	\$ 19,392,977	\$ 16,426,406	\$ 73,171,406	\$ 70,328,233

\* 2006 as restated, Note I.E.

**Governmental activities.** As shown above, governmental activities decreased net assets by \$123,398; business-type activities increased net assets by \$2,966,571. A detailed examination of all the elements effecting net assets can be found in Table II.

TABLE II  
City of Corinth Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues						
Charges for services	\$ 1,955,036	\$ 1,829,996	\$ 9,139,288	\$ 8,989,499	\$ 11,094,324	\$ 10,819,495
Operating grants and contributions	202,291	211,840	-	-	202,291	211,840
Capital grants and contributions	1,055,742	688,101	2,127,103	1,265,180	3,182,845	1,953,281
General revenues						
Property taxes	7,362,347	6,894,264	-	-	7,362,347	6,894,264
Sales taxes	1,539,307	1,441,016	-	-	1,539,307	1,441,016
Franchise taxes	861,399	1,289,688	-	-	861,399	1,289,688
Other taxes	-	-	-	-	-	-
Investment interest	562,353	427,974	164,855	19,983	727,208	447,957
Miscellaneous	46,395	37,083	103,244	95,712	149,639	132,795
Total Revenues	\$ 13,584,870	\$ 12,819,962	\$ 11,534,490	\$ 10,370,374	\$ 25,119,360	\$ 23,190,336
Expenses:						
Public safety	2,745,345	2,570,307	-	-	2,745,345	2,570,307
Lake Cities Fire Department	1,995,931	1,565,570	-	-	1,995,931	1,565,570
Community services	1,805,271	1,649,758	-	-	1,805,271	1,649,758
Public works	4,065,127	4,105,885	-	-	4,065,127	4,105,885
Planning and community development	744,218	596,687	-	-	744,218	596,687
City administration	713,750	594,134	-	-	713,750	594,134
Finance and administrative services	949,085	725,165	-	-	949,085	725,165
Interest on long-term debt	551,031	578,365	-	-	551,031	578,365
Water and wastewater	-	-	8,358,811	8,384,025	8,358,811	8,384,025
Drainage	-	-	347,618	207,768	347,618	207,768
Total Expenses	\$ 13,569,758	\$ 12,385,871	\$ 8,706,429	\$ 8,591,793	\$ 22,276,187	\$ 20,977,664
Increase (decrease) in net assets before transfers and contributions	15,112	434,091	2,828,061	1,778,581	2,843,173	2,212,672
Net transfers	(138,510)	(22,500)	138,510	22,500	-	-
Increase (decrease) in net assets	(123,398)	411,591	2,966,571	1,801,081	2,843,173	2,212,672
Net assets - beginning, as restated (see Note I.E.)	53,901,827	53,490,236	16,426,406	14,625,325	70,328,233	68,115,561
Net assets - ending	\$ 53,778,429	\$ 53,901,827	\$ 19,392,977	\$ 16,426,406	\$ 73,171,406	\$ 70,328,233

### City of Corinth's Changes in Net Assets

The City's governmental funds increased fund balance by \$8,884,536. Net assets, as part of the government-wide reports, are reported on a full-accrual basis. The reconciliation between the overall increase to governmental fund balances and the net (\$123,398) decrease to governmental net assets illustrates the differences in reporting between the modified accrual basis used in the funds and full-accrual used at the government-wide level.

## Management's Discussion and Analysis

The following are the most significant factors in the reconciliation:

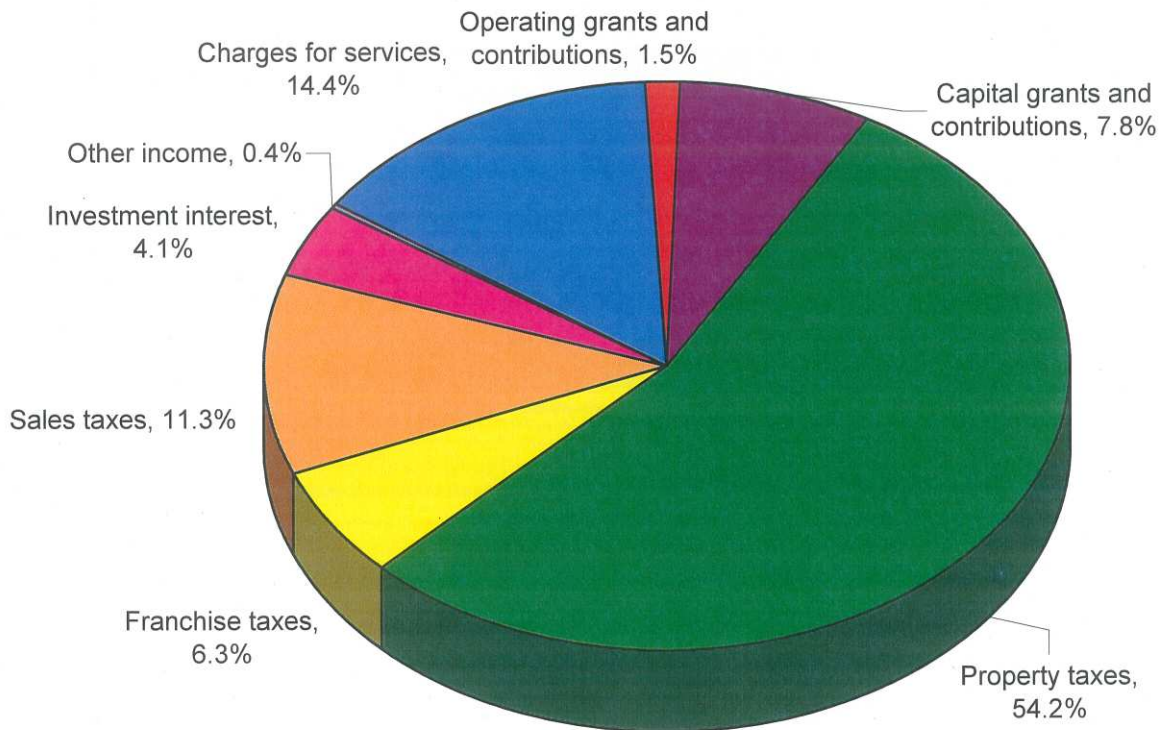
- Depreciation of capital assets is not reported in the funds.
- Donations/developer contributions do not constitute revenue in the funds, but are reported as an increase to net assets.
- Repayment of bond principal is an expenditure in the funds but not an expense in the statement of activities.
- Bond proceeds are reported as current resources in the funds but are not reported as revenue 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.

### Revenues by Source – Governmental Activities

Property taxes, charges for services, sales taxes and franchise taxes provide 86.2 percent of the revenues for the governmental activities. The chart below (Figure 2) provides a graphic representation of the City's revenues by source.

**Figure 2: Revenues by Source - Governmental Activities**



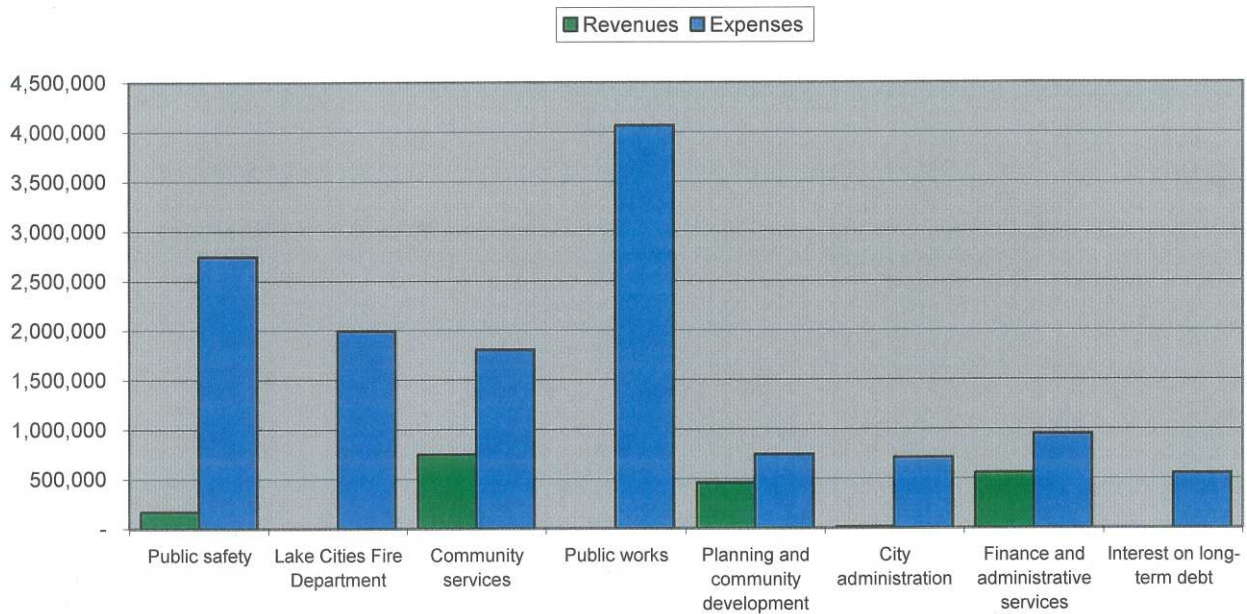
**Management's Discussion and Analysis**

**Expenses and Program Revenues –Governmental Activities**

Public safety, community services, planning and community development and public works account for 69 percent of the expenditures for the governmental activities. Another 14.7 percent is represented by the City of Corinth's portion of the Lake Cities Fire Department. Each of the four Lake Cities, Corinth, Lake Dallas, Hickory Creek and Shady Shores, is responsible for a portion of the LCFD's annual budget, based on each city's anticipated needs. The LCFD pays the City of Corinth an administrative fee for payroll services; in fiscal year 2006-07 the fee was \$30,000. City administration, finance and administrative services and interest on long-term debt account for the remaining 16.3 percent of total expenses .

Figure 3 provides a graphic representation of the City's expenditures and any directly related revenues by source.

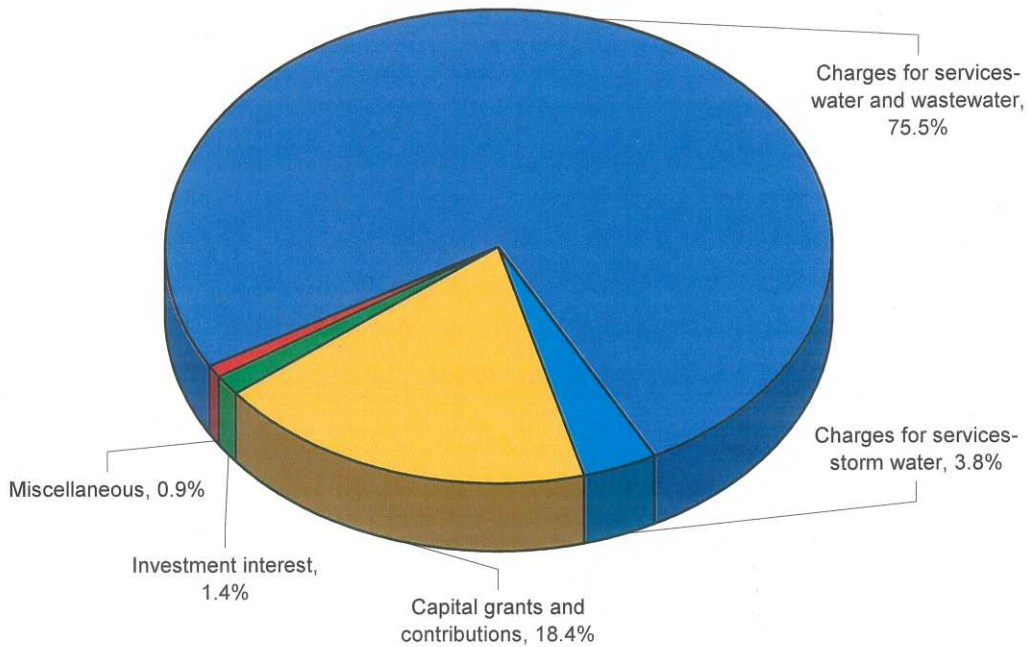
Figure 3: Program Revenues v. Expenses



**Revenues by Source – Business-type Activities**

Business-type activities increased the City's net assets by \$2,966,571. Charges for services account for 79.3 percent of the revenue. Of the \$9,139,288 in charges for service revenue, water and wastewater charges account for \$8,706,440 and storm water utility charges \$432,848. The remaining 20.8 percent of revenue is made up of capital grants and contributions including impact fees and developer contributions to infrastructure, investment interest and other miscellaneous revenue. (See Figure 4)

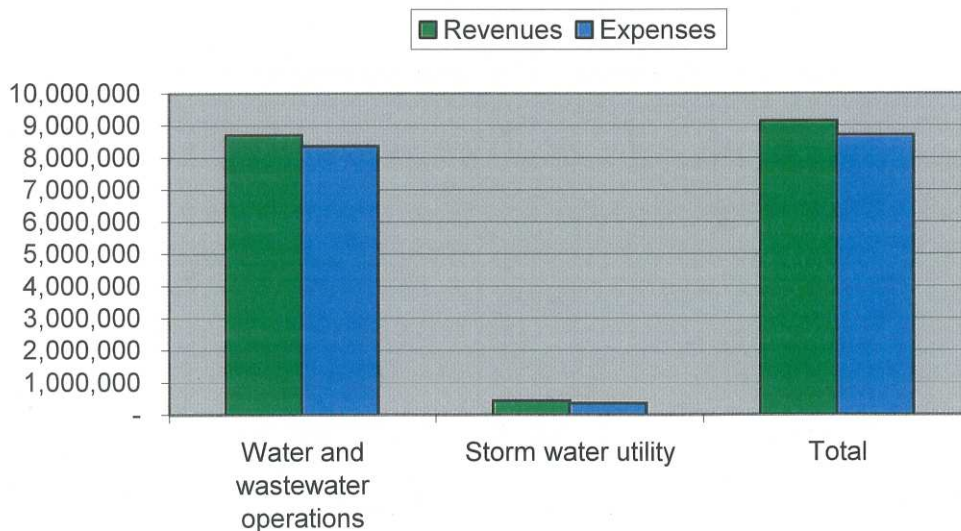
**Figure 4: Revenues by Source - Business-type Activities**



**Expenses and Program Revenues – Business-type Activities**

Total revenue from water and wastewater sales and services was \$8,706,440; associated costs of water, wastewater treatment, and operations and maintenance accounted for \$8,358,811 of the total business-type expenses of \$8,706,429. The remaining \$347,618 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$432,848 in revenue. The following chart (Figure 5) provides a graphic representation of the City's business-type expenses and any directly related revenues by source.

**Figure 5: Program Revenues v. Expenses**



## Management's Discussion and Analysis

### 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, unreserved 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 \$18,271,980 an increase of \$8,884,536 due to:

- a net increase in the general fund balance of \$687,439
- a net increase in the debt service fund of \$177,295
- a net increase in the capital projects fund of \$10,526
- a net increase in the 2007 streets capital improvement project fund of \$6,411,380
- a net increase in special revenue funds of \$1,597,896.

Of the combined total governmental fund balances of \$18,271,980, \$6,197,669 (33.9 percent) reflects the general fund unreserved fund balance which is available for spending at the government's discretion. The fund balance that is designated as *reserved* is not available for new spending because it has already been committed for one of the following reasons:

- to liquidate contracts and purchase orders (encumbrances) of the prior period, \$188,683
- to pay debt service in future periods, \$1,437,252
- reserved for prepaid items, \$1,575
- amount represented by inventories, \$42,373

*General Fund.* The general fund is the chief operating fund of the City of Corinth. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,197,669, while total fund balance reached \$6,349,788. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total budgeted fund expenditures for the upcoming fiscal year. Unreserved fund balance represents 51.9 percent of total budgeted general fund expenditures for fiscal year 2007-08, while total fund balance represents 53.2 percent of that same amount.

This year, in the general fund, revenues were less than expected by a total of \$262,210. Franchise taxes were under budget by \$24,441; fines and forfeitures and charges for services were \$59,474 and \$43,071 respectively less than anticipated as well. Franchise fees were impacted by the mild temperatures in the area during the spring and summer. The City collects franchise fees from electric and gas utility sales, both of which were down for the year. The greatest variance from budget in general fund revenues was in fees and permits, which was \$433,516 less than budgeted at the end of the year. The slowing housing market markedly impacted fees and permits related to development. The City budgeted for continued moderate growth in fiscal year 2007; however, the general economic slowdown is reflected in the under recovery of revenues. The City of Corinth maintained the property tax rate at .55698; the collections for 2007 exceeded those of fiscal year 2006 by \$512,205 or 9.6 percent (total includes delinquent collections from prior years). While revenues were under budget; expenditures were also less than budget by \$827,476 due to intentional reductions in spending for budgeted items by the City. The net effect at year end was an excess of \$565,266 of revenues over expenditures in the general fund.

## Management's Discussion and Analysis

Key factors in the increase to fund balance of the general fund are as follows:

- Actual expenditures were less than budget by \$827,476 because of intentional reductions in spending. Savings in the public works, public safety, community services and finance and administrative services departments accounted for \$788,915 of the overall savings.

While revenues overall were significantly below expectations two categories exceeded budget by greater than ten percent:

- Sales tax exceeded budget by \$104,831. Sales tax growth was conservatively forecast and came in 11 percent higher than expected.
- Investment interest exceeded budget by \$99,105, 39.6 percent higher than budget, as a direct result of the continuation of the City's active investment program begun at the end of fiscal year 2006.

*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 \$1,437,252, all of which is reserved for the payment of debt service. The City budgeted a draw-down of excess fund balance; however, the refinancing of existing debt reduced debt service payments for the year and accounts for the \$177,295 net increase in fund balance.

*Capital Projects Fund.* The capital projects fund is used to track capital project expenditures by the City related to debt issues through fiscal year 2004. Interest earnings during the fiscal year exceeded ongoing project expenditures.

*2007 CIP Streets Fund.* The 2007 streets capital improvement project fund is used to track revenues and expenditures related to the Series 2007 CO debt issue for streets projects. The fund balance represents unspent proceeds of that debt issue.

*Other Governmental Funds.* The nonmajor governmental funds are the special revenue fund, Public Improvement District (PID) #1 fund, street maintenance sales tax fund, roadway impact fee fund, the all-department capital improvement project fund and the Corinth Crime Control and Prevention District fund. Each of these funds is used to account for revenues and expenditures related to specific purposes.

- Public Improvement District special assessment revenue decreases with the gradual payoff of the PID liens by homeowners. The original PID required that the homeowner pay off the PID lien in full before a home within the district may be sold. The PID fund currently shows a deficit fund balance of \$2,976 because debt service payments on the 1995 Certificates of Obligation associated with the PID exceeded collections for the year and the prior year fund balance.
- The street maintenance sales tax fund accounts for the collection of a special sales tax of \$.0025. Sales tax collections exceeded budget by \$25,919 and interest earnings, an unbudgeted item, were \$20,053. Expenditures were \$155,326 under budget, though use of the sales tax funds on streets projects began in the last quarter of the fiscal year. This fund had an increase to fund balance of \$233,298.
- The roadway impact fee fund was created in fiscal year 2006 to account for the collection and expenditure of impact fees levied as of January, 2006. Total collections to date are \$309,224.
- 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 exceeded budget by \$40,457 and public safety expenditures were less than anticipated for the year, which is reflected in the \$118,336 increase in fund balance.
- The special revenue fund saw a decrease in fund balance of (\$93,421) with the transfer of funds to offset budgeted expenditures related to court technology and security.



## Management's Discussion and Analysis

### Proprietary funds

The City of Corinth's proprietary fund provides 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.* Water and wastewater fund assets of \$36,995,794 exceeded liabilities of \$19,031,259, reporting net assets of \$17,964,535. Total net assets increased \$2,242,701 during fiscal year 2007, the following highlights the most significant factors in the increase:

- A net gain from operations of \$495,759 resulted from a significant decrease in cost of sewer treatment fees. Current year water consumption was low, which also drove the sewer disposal fees (based on winter averaging) down. However, a failure of a sewer main in the City's Denton basin in February 2007 created an opportunity for the public works department to reassess the sewer flows and cost of treatment. The City has a take-or-pay contract with the Upper Trinity Regional Water District for the treatment of up to 1.608 million gallons per day. Prior to the main failure, the City was sending less than one-half of total flows (less than one million gallons per day) to the Upper Trinity treatment facility. The remaining flows were sent to the City of Denton under an agreement in which the City paid a set rate per thousand gallons based on meters and house counts. This method effectively meant that the City was paying for much of its sewage disposal twice. After the main failure, the City rerouted flows for a large portion of the Denton basin to the Upper Trinity basin to lower costs. The savings for fiscal year 2007 are estimated at approximately \$450,000.
- Net non-operating revenues and expenses were \$84,020, which included investment interest, debt service interest and amortization of bond issue costs, as well as the sale of aging and obsolete capital assets at auction.
- Total capital contributions and transfers were \$1,662,922. Water and wastewater impact fees totaled \$298,490 and developer contributions to water and wastewater infrastructure were \$1,212,060. The general fund transferred \$138,510 in administrative fees for management functions associated with general fund activities, the storm water utility fund transferred \$13,863 for the same administrative support.

Unrestricted net assets for the water and wastewater fund increased from \$2,330,355 in fiscal year 2006 to \$2,804,321 for fiscal year 2007. The five-year water and wastewater capital improvement plan and rate structure plan that was adopted for fiscal years 2007-2011 was implemented and the issuance of the Series 2007 CO bonds included \$14,211,628 in water and wastewater project funding both of which drive the increase in available funds.

*Storm Water Utility Fund.* Storm water utility fund assets of \$3,281,072 exceeded liabilities of \$1,852,630, leaving total net assets of \$1,428,442. Total net assets increased \$723,870 though unrestricted net assets decreased slightly from \$294,684 to \$266,746.

- The storm water utility reported a net gain from operations of \$89,623 in fiscal year 2007.
- Net non-operating income was \$31,557 which includes \$18,449 in interest income. Developer contributions to the storm drainage infrastructure totaled \$616,553.

### General Fund Budgetary Highlights

During the year the following change to budgeted appropriations was submitted as a budget amendment and approved by the City Council:

\$98,056 was added to the Lake Cities Fire Department expenditure budget with an offsetting revenue of \$98,056 to account for a reimbursement grant from the Department of Homeland Security. This amendment affected no net budget impact. Ordinance No. 07-07-19-22, July 19, 2007.

## Management's Discussion and Analysis

### Analysis of significant budget variances.

Fees and permits fell \$433,516 short of budget for the fiscal year. The slowdown in the economy, particularly the housing market, had a profound negative effect on the collection of fees and permits related to development and new construction. Fines and forfeitures fell short for the year by \$59,474 or 8.7 percent. The Traffic division of the Corinth Police Department experienced staffing difficulties that contributed to the shortfall. Charges for services for recreational activities were adversely affected by the decision of Denton Independent School District to close schools within Corinth to summer recreation activities due to the high cost of air conditioning.

Overall, expenditures in the General Fund were less than budget by \$827,476 due to offsetting departmental budgeted variances and city-wide vacancy savings. With the economic slowdown, divisions were encouraged to conserve resources. Weather issues in the spring, with heavy rain and flooding, delayed streets projects in the public works department. The community services department saw offsetting savings for the loss of a facility for recreational activities. See Exhibit B-1: General Fund Budgetary Comparison Schedule for detailed budget variances.

### Other Budgetary Highlights

During the year the following change to budgeted appropriations were submitted as budget amendments and approved by the City Council:

\$12,000 was added to the Crime Control and Prevention District budgeted expenditures for the purpose of purchasing a multi-purpose vehicle, November 28, 2006.

\$6,967 was added to the Corinth Economic Development Corporation budgeted expenditures for a recommended increase to staff salary. The amendment was adopted by the CEDC Board on October 2, 2006 and by the City Council on October 19, 2006.

**Analysis of significant budget variances, other funds.** The Street Maintenance Sales Tax Fund used \$49,674 of \$205,000 budgeted for expenditures. Street maintenance projects funded by the .0025 sales tax were begun late in the fiscal year and are continuing in fiscal year 2007-08. Because the fund balance was invested for the majority of the fiscal year, the fund collected \$20,053 in unbudgeted interest revenue.

The Crime Control and Prevention Fund also experienced unbudgeted interest earnings. At the end of the year fund balance increased by \$118,336 due to planned reductions in expenditures and a positive budget variance in sales tax collected of \$40,457.

The Debt Service Fund collected \$25,481 more in property tax than budgeted due to supplements and delinquent collections during the year. Unbudgeted interest earnings and the refinancing of existing debt drove the budgeted \$11,928 draw-down of fund balance to an actual increase in fund balance of \$177,295.

The Corinth Economic Development Corporation increased fund balance by \$463,973. The economic slowdown affecting development and construction left budgeted funds for incentives and project development unspent.

### Capital Assets 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, 2007, amounts to \$75,226,715 (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 as of September 30, 2007. In fiscal year 2007, the City undertook an internal audit and inventory of all capital assets, resulting in transfers between funds of some assets and the adjustment of the book value of others.

Readers desiring more detailed information on capital asset activity should see note III.C. in the Notes to Basic Financial Statements on page 50.

## Management's Discussion and Analysis

**Long-term debt.** At the end of the current fiscal year, The City had total bonded debt outstanding of \$38,925,000 consisting of General Obligation Bonds and Certificates of Obligation. The City issued \$5,250,000 in refunding bonds and \$23,630,000 in Certificates of Obligation. All debt payments were made when due. Outstanding debt increased in fiscal year 2007 by \$22,750,000. (see Note III.E.)

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 12,599,150	\$ 13,257,400	\$ 2,615,850	\$ 2,782,600	\$ 15,215,000	\$ 16,040,000
Certificates of Obligation and Tax Notes	7,780,000	135,000	15,930,000	-	23,710,000	135,000
Total outstanding debt	<u>\$ 20,379,150</u>	<u>\$ 13,392,400</u>	<u>\$ 18,545,850</u>	<u>\$ 2,782,600</u>	<u>\$ 38,925,000</u>	<u>\$ 16,175,000</u>

The City of Corinth earned bond rating upgrades from both Moody's (A1 to A2) and Standard & Poor's (A to A+) during the 2006-07 fiscal year. Additional information on the City's long-term debt can be found in this report in the notes to the financial statements. (see Note III.E.)

### Economic Factors and Next Year's Budgets and Rates

The City of Corinth saw a significant decrease in fees and permits for developers and new construction in fiscal year 2007. However, in spite of the slowdown in the housing market, Corinth continued to experience some growth in the property tax base. Net taxable values grew 6.0 percent.

The City's population growth has been slow but steady for the past few years; estimates increased from 17,800 in 2005 to 18,550 in 2006 and 19,450 in 2007. Denton County's unemployment rate at September 30, 2007 was 4.0 percent, up from 3.8 percent in September, 2006.

All of these factors were considered in preparing the City's budget for the 2008 fiscal year. The operating budget for the 2007 fiscal year that was developed by City management and approved by the City's elected officials focused on preparing a baseline budget maintaining the current service level. Expenditures in fiscal year 2008 are anticipated to be higher due to high fuel and health care costs and the increase in cost of many basic materials, including concrete. The City of Corinth adopted a balanced budget for fiscal year 2008.

The 2006-07 adopted budget was also balanced, though economic factors outside the control of management created considerable negative variances from budget in anticipated revenue. Diligent cost saving measures and conservation enabled a favorable expenditure variance (actual expenditures less than budgeted) resulting in an overall positive variance at the end of the fiscal year.

The City Council approved maintaining the overall ad valorem rate of \$.55698 for fiscal year 2008. General operations and maintenance will receive \$.42739 of the total and the remaining \$.12959 and a budgeted use of debt service fund balance will fund long-term debt of the City.

### 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 Office of the Director of Finance, City of Corinth, 3300 Corinth Parkway, Corinth, Texas, 76208.



## Basic Financial Statements

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## CITY OF CORINTH, TEXAS

STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<i>Cash</i>	\$ 2,582,706	\$ 1,128,303	\$ 3,711,009	\$ 274,502
<i>Investments</i>	15,155,062	17,843,401	32,998,463	1,291,750
<i>Receivables (net of allowances for uncollectibles):</i>	1,837,204	1,293,034	3,130,238	106,614
<i>Special assessments</i>	42,164	--	42,164	--
<i>Internal balances</i>	272,544	(272,544)	--	--
<i>Due from component unit</i>	23,913	--	23,913	--
<i>Inventories</i>	42,373	110,290	152,662	--
<i>Prepaid items</i>	1,575	--	1,575	--
Restricted Assets:				
<i>Cash and cash equivalents</i>	--	4,000	4,000	--
<i>Deferred charges</i>	172,253	141,847	314,100	--
Capital assets not being depreciated:				
<i>Lana</i>	234,267	300,273	534,540	--
<i>Construction in progress</i>	384,888	805,804	1,190,692	--
Capital assets (net of accumulated depreciation):				
<i>Buildings</i>	4,405,043	144,132	4,549,175	--
<i>Machinery and equipment</i>	958,530	259,999	1,218,529	--
<i>Infrastructure</i>	49,934,731	17,799,048	67,733,779	--
Total Assets	<u>76,047,253</u>	<u>39,557,587</u>	<u>115,604,840</u>	<u>1,672,866</u>
<b>LIABILITIES:</b>				
<i>Accounts payable</i>	343,311	677,751	1,021,062	22,507
<i>Accrued liabilities</i>	251,307	47,674	298,981	4,003
<i>Accrued interest payable</i>	82,978	45,870	128,848	--
<i>Municipal court bonds</i>	64,843	--	64,843	--
<i>Customer meter deposits</i>	--	396,555	396,555	--
<i>Other liabilities</i>	620,044	11,353	631,397	--
<i>Due to primary government</i>	--	--	--	23,913
Noncurrent Liabilities:				
<i>Due within one year</i>	1,140,375	836,378	1,976,753	--
<i>Due in more than one year</i>	19,765,966	18,149,029	37,914,995	--
Total Liabilities	<u>22,268,824</u>	<u>20,164,610</u>	<u>42,433,434</u>	<u>50,423</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	44,765,230	16,104,296	60,869,526	--
Restricted For:				
Debt Service	1,476,268	--	1,476,268	--
Unrestricted	7,536,931	3,288,681	10,825,612	1,622,443
Total Net Assets	<u>\$ 53,778,429</u>	<u>\$ 19,392,977</u>	<u>\$ 73,171,406</u>	<u>\$ 1,622,443</u>

The accompanying notes are an integral part of this statement.

**CITY OF CORINTH, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
<i>Public safety</i>	\$ 2,745,345	\$ 171,534	\$ 168,509	\$ --
<i>Lake Cities Fire Department</i>	1,995,931	--	32,642	--
<i>Community services</i>	1,805,271	750,410	1,140	--
<i>Public works</i>	4,065,127	--	--	1,055,742
<i>Planning and community development</i>	744,218	459,128	--	--
<i>City Administration</i>	713,750	13,972	--	--
<i>Finance and administrative services</i>	949,085	559,992	--	--
<i>Interest on long-term debt</i>	551,031	--	--	--
Total Governmental Activities	<u>13,569,758</u>	<u>1,955,036</u>	<u>202,291</u>	<u>1,055,742</u>
Business-type Activities:				
Water and Wastewater	8,358,811	8,706,440	--	2,127,103
Storm Water Utility	347,618	432,848	--	--
Total Business-type Activities	<u>8,706,429</u>	<u>9,139,288</u>	<u>--</u>	<u>2,127,103</u>
Total Primary Government	<u>\$ 22,276,187</u>	<u>\$ 11,094,324</u>	<u>\$ 202,291</u>	<u>\$ 3,182,845</u>
<b>COMPONENT UNIT:</b>				
Corinth Economic Development 4(B) Sales Tax	<u>\$ 127,318</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

General Revenues:  
*Property taxes*  
*Sales taxes*  
*Franchise taxes*  
*Miscellaneous income*  
*Unrestricted investment earnings*  
*Gain on sale of capital assets*  
*Transfers*  
Total General Revenues  
Change in Net Assets  
Net Assets - Beginning  
Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (2,405,302)		\$ (2,405,302)	
(1,963,289)		(1,963,289)	
(1,053,721)		(1,053,721)	
(3,009,385)		(3,009,385)	
(285,090)		(285,090)	
(699,778)		(699,778)	
(389,093)		(389,093)	
(551,031)		(551,031)	
<u>(10,356,689)</u>		<u>(10,356,689)</u>	
	-- \$ 2,474,732	2,474,732	
	-- 85,230	85,230	
	-- 2,559,962	2,559,962	
<u>(10,356,689)</u>	<u>2,559,962</u>	<u>(7,796,727)</u>	
			\$ (127,318)
7,362,347	--	7,362,347	--
1,539,307	--	1,539,307	525,820
861,399	--	861,399	--
75	91,350	91,425	--
562,353	164,855	727,208	65,471
46,320	11,894	58,214	--
(138,510)	138,510	--	--
<u>10,233,291</u>	<u>406,609</u>	<u>10,639,900</u>	<u>591,291</u>
(123,398)	2,966,571	2,843,173	463,973
53,901,827	16,426,406	70,328,233	1,158,470
<u>\$ 53,778,429</u>	<u>\$ 19,392,977</u>	<u>\$ 73,171,406</u>	<u>\$ 1,622,443</u>



**CITY OF CORINTH, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
<i>Cash</i>	\$ 552,667	\$ 405,607
<i>Investments</i>	4,910,396	1,089,881
Receivables (net of allowances for uncollectibles):		
<i>Property taxes</i>	122,284	44,033
<i>Sales taxes</i>	206,769	--
<i>Accounts</i>	30,535	--
<i>Interest</i>	44,516	8,658
<i>Warrants</i>	763,317	--
<i>Other</i>	294,864	--
<i>Due from other governments</i>	223,834	--
<i>Special assessments</i>	--	--
<i>Due from other funds</i>	806,722	--
<i>Due from component unit</i>	23,913	--
<i>Inventories</i>	42,373	--
<i>Prepaid items</i>	1,575	--
	<u>8,023,765</u>	<u>1,548,179</u>
<b>Total Assets</b>	<b>\$ 8,023,765</b>	<b>\$ 1,548,179</b>
<b>LIABILITIES:</b>		
<i>Accounts payable</i>	\$ 294,703	\$ --
<i>Accrued liabilities</i>	249,118	--
<i>Municipal court bonds</i>	64,843	--
<i>Due to other funds</i>	114,739	71,911
<i>Other liabilities</i>	620,044	--
<i>Deferred revenue</i>	330,530	39,016
	<u>1,673,977</u>	<u>110,927</u>
<b>Total Liabilities</b>	<b>1,673,977</b>	<b>110,927</b>
<b>Fund Balances:</b>		
<b>Reserved Fund Balances</b>		
<i>Reserved for inventories</i>	42,373	--
<i>Reserved for prepaid items</i>	1,575	--
<i>Reserved for encumbrances</i>	86,687	--
<i>Reserved for streets</i>	175	--
<i>Reserved for planning</i>	21,309	--
<i>Reserved for debt service</i>	--	1,437,252
<b>Unreserved, reported in:</b>		
<i>General Fund</i>	6,197,669	--
<i>Special Revenue Funds</i>	--	--
<i>Capital Projects Funds</i>	--	--
<b>Total Fund Balances</b>	<u>6,349,788</u>	<u>1,437,252</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,023,765</b>	<b>\$ 1,548,179</b>

The accompanying notes are an integral part of this statement.

Capital Projects	2007 CIP Streets	Other Governmental Funds	Total Governmental Funds
\$ 977,442	\$ --	\$ 646,989	\$ 2,582,705
1,552,099	7,055,756	546,930	15,155,062
--	--	--	166,317
--	--	90,004	296,773
--	--	--	30,535
3,352	--	5,038	61,564
--	--	--	763,317
--	--	--	294,864
--	--	--	223,834
--	--	42,165	42,165
583,884	100,118	1,208,230	2,698,954
--	--	--	23,913
--	--	--	42,373
--	--	--	1,575
<u>\$ 3,116,777</u>	<u>\$ 7,155,874</u>	<u>\$ 2,539,356</u>	<u>\$ 22,383,951</u>
\$ 2,240	\$ 45,872	\$ 496	\$ 343,311
--	--	2,189	251,307
--	--	--	64,843
1,546,238	583,883	109,638	2,426,409
--	--	--	620,044
--	--	36,511	406,057
<u>1,548,478</u>	<u>629,755</u>	<u>148,834</u>	<u>4,111,971</u>
--	--	--	42,373
--	--	--	1,575
--	80,512	--	167,199
--	--	--	175
--	--	--	21,309
--	--	--	1,437,252
--	--	--	6,197,669
--	--	1,190,922	1,190,922
1,568,299	6,445,607	1,199,600	9,213,506
<u>1,568,299</u>	<u>6,526,119</u>	<u>2,390,522</u>	<u>18,271,980</u>
<u>\$ 3,116,777</u>	<u>\$ 7,155,874</u>	<u>\$ 2,539,356</u>	<u>\$ 22,383,951</u>

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**CITY OF CORINTH, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2007

Total fund balances - governmental funds balance sheet	\$ 18,271,980
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	55,917,458
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	141,085
Payables for bond principal which are not due in the current period are not reported in the funds.	(20,459,161)
Payables for capital leases which are not due in the current period are not reported in the funds.	(67,098)
Payables for bond interest which are not due in the current period are not reported in the funds.	(82,978)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(380,083)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	172,255
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	228,460
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	36,511
Net assets of governmental activities - statement of net assets	<u>\$ 53,778,429</u>

The accompanying notes are an integral part of this statement.

# CITY OF CORINTH, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General Fund	Debt Service Fund
	<u>                    </u>	<u>                    </u>
Revenue:		
Taxes:		
<i>Property</i>	\$ 5,855,277	\$ 1,436,349
<i>Franchise</i>	861,399	--
<i>Sales</i>	1,055,931	--
<i>Fees and permits</i>	433,774	--
<i>Fines and forfeitures</i>	627,526	--
<i>Charges for services</i>	774,259	--
<i>Interest income</i>	349,105	69,796
<i>Park donations</i>	--	--
<i>Roadway impact fees</i>	--	--
<i>Intergovernmental</i>	179,873	--
<i>Miscellaneous income</i>	20,462	--
<i>Child safety fines</i>	--	--
Total revenues	<u>10,157,606</u>	<u>1,506,145</u>
Expenditures:		
Current:		
<i>Public safety</i>	2,525,749	--
<i>Lake Cities Fire Department</i>	1,995,931	--
<i>Community services</i>	1,662,575	--
<i>Public works</i>	1,125,946	--
<i>Planning and community development</i>	731,568	--
<i>City Administration</i>	573,526	--
<i>Finance and administrative services</i>	895,690	--
Debt Service:		
<i>Principal</i>	--	781,750
<i>Interest</i>	--	501,107
<i>Paying agent fees</i>	--	12,581
<i>Bond issuance costs</i>	--	90,814
Total Expenditures	<u>9,510,985</u>	<u>1,386,252</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>646,621</u>	<u>119,893</u>
Other Financing Sources (Uses):		
<i>Transfers in</i>	87,868	15,082
<i>Transfers out</i>	(138,510)	--
<i>Refunding debt issuea</i>	--	4,331,250
<i>Premiums on debt issuea</i>	--	--
<i>Discount on debt issuea</i>	--	--
<i>Debt issuance</i>	--	--
<i>Sale of Capital Assets</i>	91,460	--
<i>Payment to Refunded Bond Escrow Agent</i>	--	(4,288,930)
Total Other Financing Sources (Uses)	<u>40,818</u>	<u>57,402</u>
Net Change in Fund Balances	687,439	177,295
Fund Balances - Beginning	<u>5,662,349</u>	<u>1,259,957</u>
Fund Balances - Ending	<u>\$ 6,349,788</u>	<u>\$ 1,437,252</u>

The accompanying notes are an integral part of this statement.

Capital Projects	2007 CIP Streets	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ --	\$ 7,291,626
--	--	--	861,399
--	--	483,376	1,539,307
--	--	--	433,774
--	--	--	627,526
--	--	--	774,259
80,910	11,549	50,994	562,354
--	--	19,779	19,779
--	--	134,798	134,798
--	--	2,639	182,512
--	--	14,447	34,909
--	--	1,975	1,975
<u>80,910</u>	<u>11,549</u>	<u>708,008</u>	<u>12,464,218</u>
--	--	157,088	2,682,837
--	--	--	1,995,931
--	--	--	1,662,575
70,384	225,631	49,674	1,471,635
--	--	--	731,568
--	--	--	573,526
--	--	--	895,690
--	--	--	781,750
--	--	--	501,107
--	2,778	20	15,379
--	48,645	8,804	148,263
<u>70,384</u>	<u>277,054</u>	<u>215,586</u>	<u>11,460,261</u>
<u>10,526</u>	<u>(265,505)</u>	<u>492,422</u>	<u>1,003,957</u>
--	--	--	102,950
--	--	(102,950)	(241,460)
--	--	--	4,331,250
--	210,591	38,114	248,705
--	(53,681)	(9,715)	(63,396)
--	6,519,975	1,180,025	7,700,000
--	--	--	91,460
--	--	--	(4,288,930)
<u>--</u>	<u>6,676,885</u>	<u>1,105,474</u>	<u>7,880,579</u>
10,526	6,411,380	1,597,896	8,884,536
1,557,773	114,739	792,626	9,387,444
<u>\$ 1,568,299</u>	<u>\$ 6,526,119</u>	<u>\$ 2,390,522</u>	<u>\$ 18,271,980</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  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Net change in fund balances - total governmental funds	\$ 8,884,536
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	126,322
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,065,871)
The gain or loss on the sale of capital assets is not reported in the funds.	(45,140)
Donations of capital assets increase net assets in the SOA but not in the funds.	920,944
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	70,721
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	781,750
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	20,548
Bond issuance costs and similar items are amortized in the SOA but not in the funds	(12,218)
(Increase) decrease in accrued interest from beginning of period to end of period	(22,326)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(85,966)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	80,475
Certain assessment revenues are deferred in the funds. This is the change in these amounts this year.	2,193
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(12,031,250)
Bond premiums are reported in the funds but not in the SOA.	(248,705)
Bond discounts are reported in the funds but not in the SOA.	63,396
Bond issuance costs are not expenses in the SOA.	148,263
Payments to bond escrow agents are not expenses in the SOA.	<u>4,288,930</u>
Change in net assets of governmental activities - statement of activities	\$ <u>(123,398)</u>

The accompanying notes are an integral part of this statement.

## CITY OF CORINTH, TEXAS

## STATEMENT OF NET ASSETS

## ENTERPRISE FUNDS

SEPTEMBER 30, 2007

	Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
	Water and Wastewater	Storm Water Utility	
<b>ASSETS:</b>			
Current Assets:			
<i>Cash</i>	\$ 1,096,367	\$ 31,936	\$ 1,128,303
<i>Investments</i>	15,895,450	1,947,951	17,843,401
Receivables (net of allowances for uncollectibles):			
<i>Accounts</i>	1,226,517	35,204	1,261,721
<i>Interest</i>	25,695	5,618	31,313
<i>Due from other funds</i>	356,644	90,092	446,736
<i>Inventories</i>	110,289	--	110,289
Restricted Assets:			
<i>Cash and cash equivalents</i>	4,000	--	4,000
Total Current Assets	<u>18,714,962</u>	<u>2,110,801</u>	<u>20,825,763</u>
Noncurrent Assets:			
<i>Deferred charges</i>	129,975	11,872	141,847
Capital Assets:			
<i>Lana</i>	300,273	--	300,273
<i>Construction in Progress</i>	805,612	192	805,804
<i>Buildings</i>	229,633	--	229,633
<i>Machinery and Equipment</i>	849,630	254,236	1,103,866
<i>Infrastructure</i>	21,224,604	1,046,101	22,270,705
<i>Less Accumulated Depreciation</i>	(5,258,895)	(142,130)	(5,401,025)
Total Capital Assets (net of accumulated depreciation)	<u>18,150,857</u>	<u>1,158,399</u>	<u>19,309,256</u>
Total Noncurrent Assets	<u>18,280,832</u>	<u>1,170,271</u>	<u>19,451,103</u>
Total Assets	<u>36,995,794</u>	<u>3,281,072</u>	<u>40,276,866</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
<i>Accounts payable</i>	630,830	46,921	677,751
<i>Accrued liabilities</i>	43,695	3,979	47,674
<i>Accrued interest payable</i>	41,831	4,039	45,870
<i>Due to other funds</i>	704,013	15,266	719,279
<i>Customer meter deposits</i>	396,555	--	396,555
<i>Other current liabilities</i>	11,353	--	11,353
<i>Current portion of certificates of obligation</i>	--	65,458	65,458
<i>Current portion of capital lease obligations</i>	--	21,431	21,431
<i>Current portion of general obligation bonds</i>	742,266	--	742,266
Total Current Liabilities	<u>2,570,543</u>	<u>157,094</u>	<u>2,727,637</u>
Noncurrent Liabilities:			
<i>Compensated absences</i>	59,253	2,031	61,284
<i>Certificates of obligation</i>	13,715,084	1,647,838	15,362,922
<i>Capital lease obligations</i>	--	45,667	45,667
<i>General obligation bonds</i>	2,686,379	--	2,686,379
Total Noncurrent Liabilities	<u>16,460,716</u>	<u>1,695,536</u>	<u>18,156,252</u>
Total Liabilities	<u>19,031,259</u>	<u>1,852,630</u>	<u>20,883,889</u>
<b>NET ASSETS:</b>			
<i>Investment in capital assets, net of related debt</i>	14,983,397	1,120,899	16,104,296
<i>Restricted net assets</i>	176,817	40,797	217,614
<i>Unrestricted Net Assets</i>	2,804,321	266,746	3,071,067
Total Net Assets	<u>\$ 17,964,535</u>	<u>\$ 1,428,442</u>	<u>\$ 19,392,977</u>

The accompanying notes are an integral part of this statement.



**CITY OF CORINTH, TEXAS**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
	Water and Wastewater	Storm Water Utility	
<b>OPERATING REVENUES:</b>			
<i>Water sales</i>	\$ 3,870,250	\$ --	\$ 3,870,250
<i>Sewer disposal</i>	3,573,438	--	3,573,438
<i>Storm drainage fees</i>	--	432,847	432,847
<i>Garbage</i>	846,321	--	846,321
<i>Penalties and reconnect fees</i>	165,745	--	165,745
<i>Tap and service fees</i>	223,893	--	223,893
<i>Inspections</i>	26,793	--	26,793
Total Operating Revenues	<u>8,706,440</u>	<u>432,847</u>	<u>9,139,287</u>
<b>OPERATING EXPENSES:</b>			
<i>Amortization</i>	7,627	625	8,252
<i>General government (administrative)</i>	486,370	--	486,370
<i>Infrastructure maintenance</i>	724,093	25,399	749,492
<i>Water purchases</i>	2,730,659	--	2,730,659
<i>Sewer treatment fees</i>	1,124,499	--	1,124,499
<i>Garbage contract fees</i>	818,668	--	818,668
<i>Salaries and benefits</i>	1,117,185	129,353	1,246,538
<i>Maintenance and supplies</i>	249,904	109,860	359,764
<i>Administration</i>	489,069	36,511	525,580
<i>Depreciation</i>	462,607	33,930	496,537
<i>Other</i>	--	7,546	7,546
Total Operating Expenses	<u>8,210,681</u>	<u>343,224</u>	<u>8,553,905</u>
Operating Income	<u>495,759</u>	<u>89,623</u>	<u>585,382</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest income</i>	146,407	18,449	164,856
<i>Miscellaneous income</i>	73,848	17,502	91,350
<i>Gain (loss) on sale of capital assets</i>	11,895	--	11,895
<i>Interest expense</i>	(148,130)	(4,394)	(152,524)
Total Non-operating Revenues (Expenses)	<u>84,020</u>	<u>31,557</u>	<u>115,577</u>
Income Before Contributions and Transfers	<u>579,779</u>	<u>121,180</u>	<u>700,959</u>
<b>Contributions and Transfers</b>			
<i>Special assessment - water and sewer impact fees</i>	298,490	--	298,490
<i>Contributions</i>	1,212,060	616,553	1,828,613
<i>Transfers in</i>	152,372	--	152,372
<i>Transfers out</i>	--	(13,863)	(13,863)
Total Contributions and Transfers	<u>1,662,922</u>	<u>602,690</u>	<u>2,265,612</u>
Change in Net Assets	2,242,701	723,870	2,966,571
Total Net Assets - Beginning	15,721,834	704,572	16,426,406
Total Net Assets - Ending	<u>\$ 17,964,535</u>	<u>\$ 1,428,442</u>	<u>\$ 19,392,977</u>

The accompanying notes are an integral part of this statement.

## CITY OF CORINTH, TEXAS

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Storm Water Utility	Totals
<b>Cash Flows from Operating Activities:</b>			
<i>Cash Received from Customers</i>	\$ 8,853,704	\$ 444,147	\$ 9,297,851
<i>Cash Payments to Employees for Services</i>	(6,680,118)	(142,002)	(6,822,120)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(1,081,296)	(118,889)	(1,200,185)
Net Cash Provided (Used) by Operating Activities	1,092,290	183,256	1,275,546
<b>Cash Flows from Non-capital Financing Activities:</b>			
<i>Transfers From (To) Other Funds</i>	499,742	(74,826)	424,916
Net Cash Provided (Used) by Non-capital Financing Activities	499,742	(74,826)	424,916
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Debt Issuance (net of bond premium)	15,173,750	1,713,295	16,887,045
Bond Issue Costs	(120,244)	(12,497)	(132,741)
<i>Principal and Interest Paid</i>	(863,482)	(24,941)	(888,423)
<i>Acquisition or Construction of Capital Assets</i>	(984,273)	(92,105)	(1,076,378)
Net Cash Provided (Used) for Capital & Related Financing Activities	13,205,751	1,583,752	14,789,503
<b>Cash Flows from Investing Activities:</b>			
Purchase Investments	(797,972)	(325,000)	(1,122,972)
<i>Interest and Dividends on Investments</i>	120,712	12,830	133,542
Net Cash Provided (Used) for Investing Activities	(677,260)	(312,170)	(989,430)
Net Increase (Decrease) in Cash and Cash Equivalents	14,120,523	1,380,012	15,500,535
Cash and Cash Equivalents at Beginning of Year	2,077,322	274,875	2,352,197
Cash and Cash Equivalents at End of Year	\$ 16,197,845	\$ 1,654,887	\$ 17,852,732
Summary of Cash and Cash Equivalents			
Cash	\$ 1,100,367	\$ 31,936	\$ 1,132,303
Investments	15,097,478	1,622,951	16,720,429
	\$ 16,197,845	\$ 1,654,887	\$ 17,852,732
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 495,759	\$ 89,623	\$ 585,382
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation and amortization</i>	470,234	34,555	504,789
<i>Miscellaneous Income</i>	73,848	17,502	91,350
<i>Gain or Loss on Sale of Capital Assets</i>	11,894	--	11,894
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	13,457	(6,202)	7,255
<i>Decrease (Increase) in Inventories</i>	7,556	--	7,556
<i>Increase (Decrease) in Accounts Payable</i>	(18,902)	44,115	25,213
<i>Increase (Decrease) in Accrued Expenses</i>	(18,818)	1,983	(16,835)
<i>Increase (Decrease) in Accrued Wages Payable</i>	7,516	970	8,486
<i>Increase (Decrease) in Customer Deposits</i>	48,065	--	48,065
<i>Increase (Decrease) in Compensated Absences</i>	1,681	710	2,391
Total Adjustments	596,531	93,633	690,164
Net Cash Provided (Used) by Operating Activities	\$ 1,092,290	\$ 183,256	\$ 1,275,546
Noncash Investing, Capital, and Financing Activities:			
<i>Developer contributions of infrastructure</i>	\$ 1,510,550	\$ 616,553	\$ 2,127,103

The accompanying notes are an integral part of this statement.

**CITY OF CORINTH, TEXAS**  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2007

	<u>Insurance Agency</u>
ASSETS:	
Total Assets	\$ <u>34,509</u>
LIABILITIES:	
Total Liabilities	\$ <u>34,509</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Corinth (the "City") are presented in accordance with generally accepted accounting principles applicable to state and local governmental units as set forth by the Governmental Accounting Standards Board. A summary of the City's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**A. Reporting Entity**

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 unit.** The City of Corinth's "*Corinth Crime Control and Prevention District*" (CCD), a special purpose district, was organized under Chapter 363, Texas Local Government Code. A special election was held on September 11, 2004 for the creation of the CCD and to levy a one-quarter ( $\frac{1}{4}$ ) of one percent 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; therefore the CCD must be reported as a blended component unit. The CCD is reported as a special revenue fund and its accounts are maintained on the modified accrual basis of accounting.

**Discretely presented component unit.** The City of Corinth's "*Corinth Economic Development Corporation*" (CEDC), a non-profit corporation, was organized under the Development Corporation Act of 1979, Article 5190.6 V.A.T.C.S. Section 4B for the purpose of promoting economic development. State statutes define projects that the corporation may fund. Some examples of permitted projects are in Note IV.D. Other Information- Component Unit Information.

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.

The CEDC and the CCD do not issue separate financial statements.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

CITY OF CORINTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

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

**C. 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 funds. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all of the 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 revenues to be available if they are collected within 60 days 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales tax, municipal court fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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:

**General Fund** - The General Fund is used to account for the resources used to finance the fundamental operations of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Debt Service Fund** - The Debt Service Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

**Capital Projects Fund** - The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**2007 CIP Streets Fund** - The 2007 Streets Capital Improvement Project Fund is used to account for the projects and funding associated with the Series 2007 Certificates of Obligation debt issue the portion of which is dedicated to streets infrastructure construction and improvements.

The City reports the following major proprietary fund:

**Water and Wastewater Fund** - The Water and Wastewater 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 Wastewater 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.

Additionally, the City reports the following fund types:

Five nonmajor special revenue funds; special revenue funds account for specific revenue sources that are legally restricted to expenditures for specialized purposes.

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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- The PID #1 fund is used to account for collections and expenditure of Public Improvement District assessment funds.
- The Street Maintenance Sales Tax fund accounts for the receipt of a \$.0025 special purpose sales tax and related expenditures.
- The Roadway Impact Fees 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.
- The Crime Control and Prevention District fund is the *blended component unit* described above. All revenues and expenditures related to the \$.0025 sales tax are recorded in this fund.
- The Special Revenue fund accounts for revenues that are designated for a particular purpose, i.e., park donations, Keep Corinth Beautiful donations and other designated revenues and related expenditures.

One nonmajor capital projects fund; capital project funds are used to account for acquisition and construction of major capital facilities (other than those accounted for within the City's proprietary funds). Capital projects are funded primarily through certificates of obligation.

- The 2007 All-Department CIP fund is used to account for funds and expenditures related to the 2007 technology infrastructure capital improvement program.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule include charges between the government's water and wastewater function and various 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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

**D. Assets, liabilities, and net assets or equity**

***Cash and Investments***

For purposes of the statement of cash flows, cash includes amounts in demand deposits, restricted cash and short-term investments with maturity dates within three months of the date acquired by the City. All City funds participate in a pooling of cash to maximize interest earnings.

CITY OF CORINTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

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***Receivables and payables***

Activities 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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Balances between the City and its discrete component unit are referred to as "due from discrete component unit" and "due to primary government." All other outstanding balances between funds are reported 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts for utility billing is estimated on a percentage of aged accounts receivable.

Ad valorem (property) taxes are levied based on the January 1 property values as assessed by the Denton Central Appraisal District. Property taxes are recognized as revenue when they become available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Current taxes are levied on October 1, and become delinquent if unpaid on February 1.

***Inventories and prepaid items***

All inventories are 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

***Restricted assets***

Certain proceeds of the City's general obligation (GO), certificates of obligation (CO) and revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

***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. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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. Donated capital assets are valued at their estimated fair market value on the date received.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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Property, plant and equipment 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

***Compensated Absences***

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, accumulated sick pay and only non-exempt employees are reimbursed for compensatory time. The liabilities for these amounts are accrued as they are incurred in the government-wide and proprietary fund financial statements.

***Long-term obligations***

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

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

***Fund equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.



**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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**E. Prior year restatements and reclassifications**

The City made one reclassification of the prior year. The following is a summary description of the change, by activity and fund type.

	As Reported 9/30/06 Dr(Cr)	Restatement Dr(Cr)	After Restatement 9/30/06 Dr(Cr)
<b>Government-wide Governmental-type Activities</b>			
Current and other assets	10,369,984	(78,531)	10,291,453
Program revenue	(2,808,468)	78,531	(2,729,937)
Net assets (post closing effect)	(53,980,358)	78,531	(53,901,827)
<b>Governmental Funds</b>			
<b>General Fund</b>			
Warrants Receivable	1,339,230	-	1,339,230
Allowance	(1,112,720)	390,232	(722,488)
Deferred Revenue	(226,510)	78,531	(147,979)
Due to State	-	(468,763)	(468,763)

At the end of fiscal year 2006, the City changed the method by which it recorded municipal court revenue and expenditures in the general fund. Revenue that does not belong to the City but is sent directly to the state or other agency was restated as a liability rather than recording it as revenue with an offsetting expense, which overstated both revenue and expense for the community services department. However, the change was not applied to the allowance and deferred revenue for the end of fiscal year 2006. The reclassification of funds between the allowance for doubtful accounts, deferred revenue and payments due to the state affected only the balance sheet of the general fund. Because the government-wide financials are presented on a full-accrual basis, the net effect to net assets at the end of fiscal year 2006 was a reduction of \$78,531.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary information**

Annual budgets for the following funds are adopted on a basis consistent with generally accepted accounting principles (GAAP): the General fund, the Debt Service fund, the Street Maintenance Sales Tax fund and the Corinth Crime Control and Prevention District fund. The budgets for the Water and Wastewater fund and the Storm Water Utility fund are adopted on a budgetary basis different from GAAP, debt service principal payments and fixed asset purchases are budgeted as expenses and depreciation expense is not budgeted. The Special Revenue fund and the Capital Projects fund are not included in the annual budget process; special and capital projects are addressed on an individual basis by management and the Council. All annual appropriations lapse at fiscal year-end unless encumbered.

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 department level. The City Council is required to approve all budget amendments that alter department or operating appropriations.

Encumbrance accounting is employed by governmental funds. Encumbrances (i.e., contracts, purchase

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

orders) outstanding at year end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitment will be reappropriated and honored during the subsequent year.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

The cash and investment policy of the City is governed by State statutes and the adopted City Investment Policy. City policy governing bank deposits require depositors to be FDIC-insured institutions; depositories must fully collateralize all time deposits in excess of FDIC insurance limits.

Deposits - At September 30, 2007, the City's carrying amount of demand deposits was \$4,024,020, including \$4,000 restricted, while the bank balance was \$2,760,071.

Investments - State statutes authorize the City to invest in obligations of the U. S. Treasury, agencies and instrumentalities, in obligations of the State of Texas and other political subdivisions of any state rated "A" or above by Standard & Poor's or Moody's Investors Service, and repurchase agreements. Investments maturing within one year of date of purchase are stated at cost or amortized cost, all other investments are stated at fair value which is based on quoted market prices. The City did not engage in repurchase nor reverse repurchase agreement transactions during the year. At year end, the City's investments were as follows:

*City of Corinth Investments*

	<b>Carrying Amount</b>	<b>9/30/2007 Reported amount, fair value</b>
TexStar	143,001	143,001
TexPool	25,146,758	25,146,758
US Federal Agency Securities	7,708,702	8,907,668
	32,998,461	34,197,427

*Corinth Economic Development Corp. 4(B)*

	<b>Carrying Amount</b>	<b>9/30/2007 Reported amount, fair value</b>
TexPool	\$ 842,982	\$ 842,982
US Federal Agency Securities	448,768	518,567
	1,291,750	1,361,549
<b>Total</b>	<b>\$ 34,290,211</b>	<b>\$ 35,558,976</b>

*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, the reserve funds to less than 365 days and the special project and capital project to less than 270 days.

The CEDC component unit limits weighted average days to maturity for the operating funds portfolio to less than 270 days, the reserve and bond funds to less than 365 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

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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maturity (WAM) of TexPool investment portfolios cannot exceed 60 days. TexSTAR also maintains a portfolio maximum WAM of 60 days calculated according to SEC rule 2a-7.

*Credit risk.* The City's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the states with a rating of not less than AA, fully insured certificates of deposit. The City's investments in the bonds of the US agencies was rated AAA by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service.

The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Inter-local Cooperation Act of the State of Texas. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor's and Aaa by Moody's. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poor's, as well as the Office of the State Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

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 Chase and First Southwest Asset Management, Inc., and is rated AAAM by Standard and Poor's.

*Concentration of credit risk.* The City's investment policy requires diversification of investments according to the following guidelines:

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

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. The City of Corinth and the Corinth Economic Development Corporation have investment policies that specify collateralization agreements with the depository bank to protect the government from this risk. The contract with the City's depository bank states the following:

"The Depository shall pledge to the City and deposit in safekeeping and trust with another bank acceptable to the City approved security as defined or referred to in Tex. Loc. Gov't Code §105.031, *et seq.* and the Collateral for Public Funds Act, Chapter Act, Chapter 2257 of the Texas Government Code, in an amount of market value sufficiently adequate to protect all funds of the City on deposit with Depository during the term of this Contract, but not less than that required by Tex. Loc. Gov't Code Ch. 105, Tex Gov't Code §2257.022, the City's Investment Policy, and all other applicable laws. All deposits, including accrued interest, are to be fully collateralized in accordance with the above terms. Pledged securities will be held by a custodian approved by the City and meeting

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

the requirements of Section 2257.041 of the Collateral for Public Funds Act.”

*Custodial credit risk – investments.* For an investment, this is the risk that in the event of the failure of the counterparty the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy states that investments of City funds shall be secured by pledged collateral with a market value equal to or exceeding 102% of the principal plus accrued interest of deposits at financial institutions.

**B. Receivables, Interfund Receivables and Transfers**

Receivables as of the year ended September 30, 2007 for the government’s individual major funds and non-major internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Water & Wastewater Fund	Nonmajor Enterprise Funds	Total
Taxes	\$ 329,053	\$ 44,033	\$ 90,004	\$ -	\$ -	\$ 463,090
Accounts	30,535	-	-	1,342,302	35,636	1,408,473
Interest	44,516	8,658	8,390	25,695	5,618	92,877
Warrants	1,528,162	-	-	-	-	1,528,162
Other	294,864	-	-	-	-	294,864
Due from other governments	223,834	-	-	-	-	-
Special Assessments	-	-	42,164	-	-	42,164
Gross Receivables	2,450,964	52,691	140,558	1,367,997	41,254	3,829,630
LESS: Allowance for uncollectibles	(764,845)	-	-	(115,785)	(432)	(881,062)
Net total receivables	\$ 1,686,119	\$ 52,691	\$ 140,558	\$ 1,252,212	\$ 40,822	\$ 2,948,568

The only receivable not anticipated to be collected in full within one year is the PID #1 special assessment receivable, reported in other governmental funds. PID collections are made monthly, quarterly, semi-annually and annually, depending on the original agreement with the homeowner in the PID. Approximately \$18,000 of the receivable will carry over into subsequent fiscal years.

The composition of interfund balances as of September 30, 2007, is as follows:

	Due from other funds	Due to other funds
General Fund	\$ 806,722	\$ 114,739
Debt Service Fund	-	71,911
Capital Projects	583,884	1,546,238
2007 CIP Streets	100,118	583,884
Nonmajor governmental funds	1,208,230	109,638
Water and Wastewater Fund	356,643	704,013
Storm Water Utility Fund	90,092	15,266
	<u>\$ 3,145,689</u>	<u>\$ 3,145,689</u>
	Due from component unit	Due to primary government
General Fund	\$ 23,913	\$ -
Discrete Component Unit	-	23,913
	<u>\$ 23,913</u>	<u>\$ 23,913</u>

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

The interfund balances represent unsettled overdrafts of pooled cash which will be removed by rebalancing the funds' share of pooled cash and investments. The investments and pooled cash in the bank are reallocated on a monthly basis according to interfund balances and due-to pooled cash balances.

Interfund transfers:

	Transfers to other funds	Transfers from other funds
General Fund	\$ 138,510	\$ 87,868
Debt Service Fund	-	15,082
Nonmajor governmental funds	102,950	-
Water and Wastewater Fund	-	152,373
Storm Water Utility Fund	13,863	-
	\$ 255,323	\$ 255,323

Interfund transfers are used to pay an allocation of general and administrative services, provide funds for debt service, contribute toward the cost of capital projects and for other operational purposes.

**C. Capital assets**

Capital asset additions, disposals, and depreciation for governmental activities and business-type activities for the year ended September 30, 2007 was as follows:

**Governmental activities:**

	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
<b>Capital assets, not being depreciated:</b>					
Land	\$ 234,267	\$ -	\$ -	\$ -	\$ 234,267
Construction in progress	6,765,378	225,631	-	(6,606,121)	384,888
Totals, capital assets not being depreciated	6,999,645	225,631	-	(6,606,121)	619,155
<b>Capital assets, being depreciated:</b>					
Buildings	5,175,350	16,537	-	-	5,191,887
Machinery and equipment	3,055,794	100,595	(220,009)	6,489	2,942,869
Infrastructure	72,453,468	930,134	-	6,567,135	79,950,737
Totals, capital assets being depreciated	80,684,612	1,047,266	(220,009)	6,573,624	88,085,493
<b>Less: accumulated depreciation for:</b>					
Buildings	(644,558)	(142,286)	-	-	(786,844)
Machinery and equipment	(1,695,440)	(317,231)	174,869	4,841	(1,832,961)
Infrastructure	(27,382,270)	(2,606,354)	-	(178,760)	(30,167,384)
Total accumulated depreciation	(29,722,268)	(3,065,871)	174,869	(173,919)	(32,787,189)
Total capital assets, being depreciated, net	50,962,344	(2,018,605)	(45,140)	6,399,705	55,298,304
City capital assets, net	\$ 57,961,989	\$ (1,792,974)	\$ (45,140)	\$ (206,416)	\$ 55,917,459

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**Business-type activities:**

	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 300,273	\$ -	\$ -	\$ -	\$ 300,273
Construction in progress	4,931,629	922,776	-	(5,048,601)	805,804
Totals, capital assets not being depreciated	5,231,902	922,776	-	(5,048,601)	1,106,077
Capital assets, being depreciated:					
Buildings	229,633	-	-	-	229,633
Machinery and equipment	1,148,731	40,961	(247,797)	161,971	1,103,866
Infrastructure	15,073,447	2,265,628	-	4,931,630	22,270,705
Totals, capital assets being depreciated	16,451,811	2,306,589	(247,797)	5,093,601	23,604,204
Less: accumulated depreciation for:					
Buildings	(78,114)	(7,387)	-	-	(85,501)
Machinery and equipment	(949,995)	(57,747)	247,797	(83,921)	(843,866)
Infrastructure	(4,039,429)	(431,403)	-	(826)	(4,471,658)
Total accumulated depreciation	(5,067,538)	(496,537)	247,797	(84,747)	(5,401,025)
Total capital assets, being depreciated, net	11,384,273	1,810,052	-	5,008,854	18,203,179
City capital assets, net	\$ 16,616,175	\$ 2,732,828	\$ -	\$ (39,747)	\$ 19,309,256

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

**Governmental activities:**

Public safety	\$ 86,811
Community services	131,122
Planning & community development	340
Public works	2,670,632
Finance and administrative services	43,599
City administration	133,367
Total depreciation expense - governmental activities	\$ 3,065,871

**Business-type activities:**

Water	\$ 297,080
Wastewater	165,527
Storm water utility	33,930
Total depreciation expense - business-type activities	\$ 496,537

**D. Non-capital leases**

The City entered into a 60-month lease with Xerox for copy machines on May 26, 2006. The lease will account for on-going operating expenditures of \$13,778 in the general fund and \$12,931 in the water and wastewater fund annually through 2011.

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**E. Long-term debt**

Long-term debt of the City governmental activities consists of three general obligation, one certificate of obligation bond series, two refunding bond series, a shared capital lease obligation and accrued compensated absences. General obligation bond and certificates of obligation retirement is provided from ad valorem tax. The 1995 certificates of obligation related to the PID #1 will be retired through the special assessment. Interest rates on general long-term debt range from 2.6% to 7.75%.

Long-term debt of the City business-type activities consists of portions of three general obligation refunding bond series, the Series 2007 certificates of obligation issued for infrastructure improvements and accrued compensated absences, with interest rates ranging from 4.0% to 5.25%. Business-type activities long-term debt is serviced by revenue from the water and wastewater system.

The following is a summary of long-term debt as of September 30, 2007:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>2007 Refunding Bonds</i>	<i>Ending Balance</i>	<i>Due within one year</i>
<b>Governmental activities:</b>						
General obligation bonds	\$ 13,257,400	\$ 4,331,250	\$ (1,829,500)	\$ (3,160,000)	\$ 12,599,150	\$ 689,292
Certificates of obligation and tax notes	135,000	7,700,000	(55,000)	-	7,780,000	450,000
Capital lease obligations	87,645	-	(20,547)	-	67,098	21,431
Bond premium/discounts	33,682	(2,591)	-	176,044	207,135	2,591
Deferred amount from refunding	(123,882)	10,229	-	(13,471)	(127,124)	(22,939)
Compensated absences	294,121	108,613	(22,652)	-	380,082	-
<b>Total governmental activities:</b>	<b>\$ 13,683,966</b>	<b>\$ 12,147,501</b>	<b>\$ (1,927,699)</b>	<b>\$ (2,997,427)</b>	<b>\$ 20,906,341</b>	<b>\$ 1,140,375</b>
<b>Business-type activities:</b>						
General obligation bonds	\$ 2,782,600	\$ 918,750	\$ (1,085,500)	\$ -	\$ 2,615,850	\$ 320,708
Certificates of obligation and tax notes	-	15,930,000	-	-	15,930,000	485,000
Capital lease obligations	87,645	-	(20,547)	-	67,098	21,431
Bond premium/discounts	9,500	(731)	-	364,205	372,974	19,899
Deferred amount from refunding	(64,938)	4,924	-	(1,786)	(61,800)	(10,660)
Compensated absences	58,894	17,661	(15,270)	-	61,285	-
<b>Total business-type activities:</b>	<b>\$ 2,873,701</b>	<b>\$ 16,870,604</b>	<b>\$ (1,121,317)</b>	<b>\$ 362,419</b>	<b>\$ 18,985,407</b>	<b>\$ 836,378</b>

Compensated absences are paid from the fund out of which an employee is regularly paid. Compensated absences in governmental activities are paid from the governmental funds; compensated absences in business-type activities are paid from the enterprise funds.

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

Long-term debt of the City is comprised of the following individual issues:

	Governmental Activities	Business-type Activities
	Amount Outstanding	Amount Outstanding
<b>General Obligation Bonds:</b>		
\$8,245,000, General Obligation Refunding and Improvement Bonds, Series 1997, serial bonds due in annual installments of \$100,000 to \$500,000 through September 30, 2019; interest at 4.00% to 5.15%.	\$ 715,000	\$ 585,000
\$7,000,000, General Obligation Bonds, Series 1999 serial bonds due in annual installments of \$100,000 to \$500,000 through September 30, 2019; interest at 3.50% to 4.80%.	2,580,000	-
\$2,500,000 General Obligation Bonds, Series 2000 serial bonds due in annual installments of \$75,000 to \$205,000 through February 15, 2020; interest at 5.20% to 6.70%.	110,000	-
\$2,000,000, General Obligation Bonds, Series 2001 serial bonds due in annual installments of \$65,000 to \$160,000 through September 30, 2021; interest at 5.00% to 6.25%.	920,000	-
\$5,080,000, General Obligation Refunding Bonds, Series 2005, serial bonds due in annual installments of \$25,000 to \$580,000 through February 15, 2020; interest at 4.00% to 4.25%.	3,942,900	1,112,100
\$5,250,000, General Obligation Refunding Bonds, Series 2007, serial bonds due in annual installments of \$20,000 to \$930,000 through February 15, 2021; interest at 3.78% to 4.49%.	4,331,250	918,750
<b>Total General Obligation Bonds</b>	<b>12,599,150</b>	<b>2,615,850</b>
<b>Certificates of Obligation:</b>		
\$430,000 Combination Tax and Revenue Certificates of Obligation, Series 1995, serial obligations due in annual installments of \$15,000 to \$35,000 through February, 2016; interest at 5.75% to 6.80%.	-	-
\$800,000 Combination Tax and Revenue Certificates of Obligation, Series 1998, serial obligations due in annual installments of \$20,000 to \$65,000 through February, 2018; interest at 5.00% to 7.75%.	80,000	-
\$23,630,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, serial obligations due in annual installments of \$760,000 to \$1,765,000 through February 15, 2027; interest at 4.375% to 5.25%.	7,700,000	15,930,000
<b>Total Certificates of Obligation</b>	<b>7,780,000</b>	<b>15,930,000</b>
<b>Capital Lease Obligations:</b>		
\$214,691 capital lease secured by equipment with a carrying value of \$178,909; annual installments of \$48,632 through March 15, 2010; interest at 4.30%. The lease is paid one-half by the public works department of the general government and one-half by th	67,098	67,098
<b>Grand Total Outstanding Debt</b>	<b>\$ 20,446,248</b>	<b>\$ 18,612,948</b>



**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

The annual debt service requirements to maturity for the general obligation bonds, certificates of obligation and tax notes are as follows:

**General Obligation Bonds:**

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
2008	\$ 689,292	\$ 513,961	\$ 320,708	\$ 106,222
2009	813,350	476,285	236,650	96,061
2010	871,700	440,630	253,300	84,672
2011	1,024,375	400,534	145,625	75,858
2012	1,077,125	357,097	152,875	69,921
2013-2017	5,728,775	1,081,581	1,091,225	238,219
2018-2022	2,394,533	115,251	533,825	26,771
<b>Total</b>	<b>\$ 12,599,150</b>	<b>\$ 3,385,339</b>	<b>\$ 2,734,208</b>	<b>\$ 697,724</b>

**Certificates of Obligation:**

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
2008	\$ 450,000	\$ 370,023	\$ 485,000	\$ 771,713
2009	465,000	350,265	510,000	749,325
2010	445,000	328,750	535,000	725,813
2011	200,000	314,238	560,000	701,175
2012	210,000	305,013	585,000	675,413
2013-2017	1,695,000	1,280,563	3,400,000	2,903,250
2018-2022	1,890,000	872,581	4,315,000	1,992,575
2023-2027	2,425,000	331,406	5,540,000	757,575
<b>Total</b>	<b>\$ 7,780,000</b>	<b>\$ 4,152,839</b>	<b>\$ 15,930,000</b>	<b>\$ 9,276,839</b>

The annual capital lease obligation to maturity is as follows:

**Capital Leases:**

Year Ended September 30	<i>Governmental Activities</i>	<i>Business-type Activities</i>
	Minimum annual payment	Minimum annual payment
2008	\$ 24,316	\$ 24,316
2009	24,317	24,317
2010	23,715	23,715
Total minimum payments	72,348	72,348
Imputed interest	(5,250)	(5,250)
Principal	<u>\$ 67,098</u>	<u>\$ 67,098</u>

**Defeased debt:**

On February 1, 2007, the City issued \$5.25 million in General Obligation Refunding Bonds with an interest rate of 3.78 to 4.49 percent maturing on February 15, 2021.

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**Schedule of Refunded Obligations**

Description	Maturity Date	Principal Amount Outstanding	Principal Amount Refunded
General Obligation Refunding and Improvement Bonds, Series 1997			
	2/15/2011	\$ 215,000	\$ 215,000
	2/15/2012	225,000	225,000
	2/15/2013	240,000	240,000
	2/15/2014	240,000	240,000
	2/15/2015	250,000	250,000
	2/15/2016	265,000	265,000
	2/15/2017	275,000	275,000
	2/15/2018	295,000	295,000
Total		<u>\$ 2,005,000</u>	<u>\$ 2,005,000</u>

\*Called for Redemption on April 10, 2007, at par plus accrued interest.

General Obligation Bonds, Series 1999			
	2/15/2015	\$ 440,000	\$ 440,000
	2/15/2016	465,000	465,000
	2/15/2017	485,000	485,000
	2/15/2018	510,000	510,000
	2/15/2019	540,000	540,000
Total		<u>\$ 2,440,000</u>	<u>\$ 2,440,000</u>

\*Called for Redemption on April 10, 2007, at par plus accrued interest.

General Obligation Bonds, Series 2001			
	2/15/2017	\$ 130,000	\$ 130,000
	2/15/2018	135,000	135,000
	2/15/2021	455,000	455,000
Total		<u>\$ 720,000</u>	<u>\$ 720,000</u>

\*Called for Redemption on February 15, 2010, at par plus accrued interest.

The net proceeds of \$5,280,970, including \$30,970 of transferred sinking fund monies, were used to purchase U.S. government securities. Those securities were placed in an irrevocable trust with an escrow agent to provide for future debt service payments on the above listed bond issues. As a result, portions of the 1997, 1999 and 2001 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide long-term debt and the City's balance sheet. The City in effect reduced its aggregate debt service payments over the next 14 years, with a net present value savings of approximately 3.8 percent or \$270,000.

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**Deferred bond issuance costs:**

	<b>Governmental activities</b>	<b>Business-type activities</b>
Bond issuance costs incurred in fiscal year 2006 in connection with the business-type portion of the \$5,080,000 general obligation issue	\$ 65,363	\$ 18,435
Bond issuance costs incurred in fiscal year 2007 in connection with the business-type portion of the \$5,250,000 general obligation issue	65,477	13,889
Bond issuance cost incurred in fiscal year 2007 in connection with the \$23,630,000 certificates of obligation	57,449	118,851
Less: amortization through September 30, 2007	<u>(16,036)</u>	<u>(9,328)</u>
Deferred bond issuance costs, net	<u>\$ 172,253</u>	<u>\$ 141,847</u>

**IV. OTHER INFORMATION**

**A. 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.

**B. Employee retirement systems and pension plans**

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 821 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of 4/04/07):\*

*\*To ensure the most accurate future rates are determined for the City, TMRS provided plan provisions as of 4/04/07 to the actuary in calculating the 12/31/06 valuation.*

Deposit rate:	7%
Matching ratio (City to employee)	2 to 1
A member is vested after:	5 years

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are: 5 years/age 60; 20 years/any age.

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect, (i.e. December 31, 2006 valuation is effective for rates beginning January 2008).

**Schedule of Actuarial Liabilities and Funding Progress**

	<b>12/31/2006</b>	<b>12/31/2005</b>	<b>12/31/2004</b>
Actuarial Valuation Date			
Actuarial Value of Assets	6,871,992	6,082,374	5,200,450
Actuarial Accrued Liability	8,676,561	7,555,214	6,448,306
Percentage Funded	79.20%	80.50%	80.65%
Unfunded Actuarial Accrued Liability (UAAL)	1,804,569	1,472,840	1,247,856
Annual Covered Payroll	6,320,378	5,826,215	5,525,187
UAAL as a % of Covered Payroll	28.55%	25.30%	22.58%
	<b>9/30/2007</b>	<b>9/30/2006</b>	<b>9/30/2005</b>
Net Pension Obligation (NPO) at the Beginning of the Period	-0-	-0-	-0-
Annual Pension Cost	-0-	-0-	-0-
Annual Required Contribution (ARC)	636,462	588,206	501,120
Contributions Made	636,462	588,206	501,120
Increase in NPO	-0-	-0-	-0-
NPO at the End of the Period	-0-	-0-	-0-

**Actuarial Assumptions.** Actuarial gains and losses are recognized immediately and decrease or increase the unfunded actuarial liability, which is being amortized over a constant 25-year amortization period as a level percent of payroll. The actuarial assumptions were developed from an actuarial investigation of the experience of TMRS over the five years 1998-2002. The following table summarizes the basic actuarial

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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assumptions used by TMRS:

**Basic Actuarial Assumptions**

Actuarial cost method	Unit credit
Amortization method	Level percent of payroll
Remaining amortization method	25 years, open period
Asset valuation method	Amortized cost (to accurately reflect the requirements of GASB statement no.25, paragraphs 36e and 138)
Investment rate of return	7.00%
Projected salary increases	none
Includes inflation at	3.50%
Cost of living adjustments	none

At its December 8, 2007 meeting the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the traditional Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation dates but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. These provisions are considered to be "committed" benefits (or likely to be guaranteed); as such, the TMRS Board has adopted the Projected Unit Credit (PUC) actuarial funding method, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the PUC method will be used.

In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period may be increased up to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes will likely result initially in higher required contributions and lower funding ratios. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approximately 12.5% each year) to their full rate (or their required rate).

Using demographic data from the 12/31/06 valuation, TMRS' actuary has made calculations with the new actuarial assumptions. For cities with annually repeating benefits, those calculations resulted in higher estimated contribution rates, increased unfunded actuarial liabilities, and lower funded ratios.

The City of Corinth adopted the Updated Service Credit provision in 2007, on a repeating basis. Additionally, the City adopted annuity increases for its retirees, on a repeating basis in 2007 equal to 70% of the change in the consumer price index (CPI).

A detailed explanation of the actuarial assumptions is provided in the TMRS Comprehensive Annual Financial Report available at <http://www.tmr.org/> at the end of June, 2008. A copy may also be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

**C. Risk Management**

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks that are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage. The City's agreement with the Pool provides that the Pool will be self-sustaining through member

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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premiums and will provide through commercial companies reinsurance contracts. The Pool agrees to handle all liability, property and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries commercial insurance on other risks of loss. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

**D. Subsequent Events**

The City of Corinth has, since 1997, participated in the non-profit corporation known as the "Lake Cities Volunteer Fire Department" with the three other lake cities, Shady Shores, Hickory Creek and Lake Dallas. The participating cities, including Corinth, decided to dissolve the Lake Cities Volunteer Fire Department, thereby ending the corporation. On January 18, 2008, the entity "Lake Cities Volunteer Fire Department" was dissolved and the City of Corinth took over responsibility for the operations and administration of the Lake Cities Fire Department. Previously, the City was responsible for 55 percent of the overall LCFD budget, with the balance shared by the three other lake cities. The Lake Cities Fire Department will continue to operate and service all four lake cities; however, the other cities have entered into contract agreements for fire and EMS services with the City of Corinth. Resolution No. 08-01-03-01.

As part of the assumption of responsibility for the fire department, the City of Corinth assumed ownership of the following real and personal property:

- Truck/Equipment
- Fire Station #2 (2800 Shady Shores Rd., Corinth, TX)
- Ambulance
- Vehicles/Equipment
- 10.93 acre tract of land in the A.H. Serren Survey, Abstract Number 1198, City of Corinth, Denton County, Texas (northeast corner of Lake Sharon Dr. and Oakmont Dr.)
- 3101 South Garrison, City of Corinth, Denton County, Texas)

The City paid all outstanding debt owed by the LCFD with the exception of Fire Station #1 located at 275 Main St., Lake Dallas, Texas ownership and debt of which was assumed by the City of Lake Dallas. Resolution No. 08-01-03-02.

Payment of the LCFD outstanding debt was made from general fund balance with a reimbursement resolution for costs not to exceed \$1.6 million. Resolution No. 08-01-03-08.

On January 18, 2007, the City entered into a lease agreement with the City of Lake Dallas for Fire Station #1. The lease agreement is for \$36,000 per year, prorated for fiscal year 2008 at \$25,355. Resolution No. 08-01-03-03.

The initial fiscal year (2007-08) additional financial impact is estimated to be approximately \$200,000.

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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**E. Component Unit Information**

**Corinth Economic Development Corporation**

Background

A 4B Corporation is a public instrumentality and non-profit development corporation established under Section 4B of the Development Corporation Act of 1979, Tex. Rev. Civ. Stat. Ann. Article 5190.6, as amended. The Act provides that 4B Corporations may fund a wide variety of projects including land, buildings, equipment, facilities, expenditures and improvements related to projects defined in the Act and suitable for the promotion of amateur sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheatres, concert halls, parks and open space improvements, museums, exhibition facilities; related store, restaurant, concession, parking and transportation facilities; related street, water and sewer facilities; and to create or retain "primary jobs," including: public safety facilities, recycling facilities, streets and roads, drainage and related improvements, demolition of existing structures; and maintenance and operating costs associated with projects.

4B corporations are required to file an annual report with the Texas Comptroller of Public accounts by February 1. The 4B tax remains in effect until the City notifies the Revenue Accounting, Tax Allocation Section of the Comptroller's Office, to stop collecting the tax. A city can, of its own action or as a result of an election, dissolve a 4B corporation. A city must continue assessing the tax until all obligations incurred by the corporation, including principal and interest on bonds, are satisfied.

On November 5, 2002, Corinth held a 4B Sales Tax Election and the citizens voted to approve the collection of an additional one-half of one percent sales tax for economic development. On June 19, 2003 the City Council approved the Articles of Incorporation officially establishing the Corinth Economic Development Corporation ("CEDC") and naming its seven-member board of directors. The Articles of Incorporation were approved by the Secretary of State at the end of June, 2003. The corporation directors then appointed officers of the corporation and adopted their bylaws in September 2003. The bylaws were forwarded to the City Council for their approval on October 23, 2003. The Comptroller's office notified area merchants to begin collecting the new tax rate on April 1, 2003 and the City began receiving revenue from the tax in June 2003. Each month, the Comptroller's office issues a payment for the total city sales tax. Upon receipt, the 4B funds are transferred into a separate, interest-bearing account at the City's depository bank.

Current Year

The Corporation's net assets as of September 30, 2006, was \$1,158,470. The CEDC's net assets grew to \$1,622,443 as of September 30, 2007 due to increased sales tax collections and budget savings during the year.

**F. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.



## Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.



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**CITY OF CORINTH, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**EXHIBIT B-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>Property</i>	\$ 5,770,700	\$ 5,770,700	\$ 5,855,277	\$ 84,577
<i>Franchise</i>	885,840	885,840	861,399	(24,441)
<i>Sales</i>	951,100	951,100	1,055,931	104,831
<i>Fees and permits</i>	867,290	867,290	433,774	(433,516)
<i>Fines and forfeitures</i>	687,000	687,000	627,526	(59,474)
<i>Charges for services</i>	817,330	817,330	774,259	(43,071)
<i>Interest income</i>	250,000	250,000	349,105	99,105
<i>Intergovernmental</i>	71,500	169,556	179,873	10,317
<i>Miscellaneous income</i>	21,000	21,000	20,462	(538)
Total revenues	<u>10,321,760</u>	<u>10,419,816</u>	<u>10,157,606</u>	<u>(262,210)</u>
Expenditures:				
Current:				
<i>Public safety</i>	2,670,780	2,670,780	2,525,749	145,031
<i>Lake Cities Fire Department</i>	1,899,560	1,997,616	1,995,931	1,685
<i>Community services</i>	1,873,675	1,868,125	1,662,575	205,550
<i>Public works</i>	1,459,840	1,459,840	1,125,946	333,894
<i>Planning and community development</i>	758,900	758,900	731,568	27,332
<i>City Administration</i>	577,520	583,070	573,526	9,544
<i>Finance and administrative services</i>	1,000,130	1,000,130	895,690	104,440
Total Expenditures	<u>10,240,405</u>	<u>10,338,461</u>	<u>9,510,985</u>	<u>827,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>81,355</u>	<u>81,355</u>	<u>646,621</u>	<u>565,266</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	60,000	60,000	87,868	27,868
<i>Transfers out</i>	(138,510)	(138,510)	(138,510)	--
<i>Sale of Capital Assets</i>	--	--	91,460	91,460
Total Other Financing Sources (Uses)	<u>(78,510)</u>	<u>(78,510)</u>	<u>40,818</u>	<u>119,328</u>
Net Change in Fund Balances	2,845	2,845	687,439	684,594
Fund Balances - Beginning	<u>5,662,349</u>	<u>5,662,349</u>	<u>5,662,349</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 5,665,194</u>	<u>\$ 5,665,194</u>	<u>\$ 6,349,788</u>	<u>\$ 684,594</u>

## Stewardship, Compliance, and Accountability

### Budgetary Information

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Budgeted amounts are as originally adopted or as amended by the City Council or management. During the year the following increases in appropriations were submitted as budget amendments and approved by the City Council:
  - \$98,056 was added to the Lake Cities Fire Department expenditure budget with an offsetting revenue of \$98,056 to account for a reimbursement grant from the Department of Homeland Security. This amendment affected no net budget impact. Ordinance No. 07-07-19-22, July 19, 2007.
  - \$12,000 was added to the Crime Control and Prevention District budgeted expenditures for the purpose of purchasing a multi-purpose vehicle, November 28, 2006.
  - \$6,967 was added to the Corinth Economic Development Corporation budgeted expenditures for a recommended increase to staff salary. The amendment was adopted by the CEDC Board on October 2, 2006 and by the City Council on October 19, 2006.
5. Capital Project funds were not budgeted. Since project length financial plans usually extend into two or more fiscal years, this makes comparisons confusing and misleading.
6. Formal budgetary integration is employed as a management control device during the year. The legally adopted budgets for the General Fund, Special Revenue Funds, and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the following funds:

#### General Fund

#### Special Revenue Funds:

- Street Maintenance Sales Tax Fund
- Crime Control & Prevention Fund

#### Debt Service Fund



## Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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**CITY OF CORINTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	Special Revenue Funds	Capital Projects Fund <u>All Department CIP 2007</u>	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>			
<i>Cash</i>	\$ 646,989	\$ --	\$ 646,989
<i>Investments</i>	546,930	--	546,930
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	90,004	--	90,004
<i>Interest</i>	5,038	--	5,038
<i>Special assessments</i>	42,165	--	42,165
<i>Due from other funds</i>	8,630	1,199,600	1,208,230
	<u>1,339,756</u>	<u>1,199,600</u>	<u>2,539,356</u>
<b>Total Assets</b>	<b>\$ 1,339,756</b>	<b>\$ 1,199,600</b>	<b>\$ 2,539,356</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ 496	\$ --	\$ 496
<i>Accrued liabilities</i>	2,189	--	2,189
<i>Due to other funds</i>	109,638	--	109,638
<i>Deferred revenue</i>	36,511	--	36,511
	<u>148,834</u>	<u>--</u>	<u>148,834</u>
<b>Total Liabilities</b>	<b>148,834</b>	<b>--</b>	<b>148,834</b>
<b>Fund Balances:</b>			
<i>Unreserved, reported in:</i>			
<i>Special Revenue Funds</i>	1,190,922	--	1,190,922
<i>Capital Projects Funds</i>	--	1,199,600	1,199,600
<b>Total Fund Balances</b>	<u>1,190,922</u>	<u>1,199,600</u>	<u>2,390,522</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,339,756</b>	<b>\$ 1,199,600</b>	<b>\$ 2,539,356</b>

## CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue Funds	Capital Projects Fund  All Department CIP 2007	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 483,376	\$ --	\$ 483,376
<i>Interest income</i>	50,994	--	50,994
<i>Park donations</i>	19,779	--	19,779
<i>Roadway impact fees</i>	134,798	--	134,798
<i>Intergovernmental</i>	2,639	--	2,639
<i>Miscellaneous income</i>	14,447	--	14,447
<i>Child safety fines</i>	1,975	--	1,975
Total revenues	<u>708,008</u>	<u>--</u>	<u>708,008</u>
Expenditures:			
Current:			
<i>Public safety</i>	157,088	--	157,088
<i>Public works</i>	49,674	--	49,674
Debt Service:			
<i>Paying agent fees</i>	--	20	20
<i>Bond issuance costs</i>	--	8,804	8,804
Total Expenditures	<u>206,762</u>	<u>8,824</u>	<u>215,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>501,246</u>	<u>(8,824)</u>	<u>492,422</u>
Other Financing Sources (Uses):			
<i>Transfers out</i>	(102,950)	--	(102,950)
<i>Premiums on debt issuea</i>	--	38,114	38,114
<i>Discount on debt issuea</i>	--	(9,715)	(9,715)
<i>Debt issuance</i>	--	1,180,025	1,180,025
Total Other Financing Sources (Uses)	<u>(102,950)</u>	<u>1,208,424</u>	<u>1,105,474</u>
Net Change in Fund Balances	398,296	1,199,600	1,597,896
Fund Balances - Beginning	<u>792,626</u>	<u>--</u>	<u>792,626</u>
Fund Balances - Ending	<u>\$ 1,190,922</u>	<u>\$ 1,199,600</u>	<u>\$ 2,390,522</u>

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**CITY OF CORINTH, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2007

	Public Improvement District #1	Street Maintenance Sales Tax
<b>ASSETS</b>		
<i>Cash</i>	\$ --	\$ 144,375
<i>Investments</i>	--	300,000
Receivables (net of allowances for uncollectibles):		
<i>Sales taxes</i>	--	51,407
<i>Interest</i>	--	2,354
<i>Special assessments</i>	42,165	--
<i>Due from other funds</i>	--	8,630
	<u>42,165</u>	<u>506,766</u>
Total Assets	\$ 42,165	\$ 506,766
<b>LIABILITIES:</b>		
<i>Accounts payable</i>	\$ --	\$ --
<i>Accrued liabilities</i>	--	--
<i>Due to other funds</i>	8,630	--
<i>Deferred revenue</i>	36,511	--
	<u>45,141</u>	<u>--</u>
Total Liabilities	45,141	--
<b>Fund Balances:</b>		
<i>Unreserved, reported in:</i>		
<i>Special Revenue Funds</i>	(2,976)	506,766
Total Fund Balances (deficit)	<u>(2,976)</u>	<u>506,766</u>
Total Liabilities and Fund Balances	\$ 42,165	\$ 506,766

Roadway Impact Fees	Crime Control & Prevention	Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 309,224	\$ 193,390	\$ --	\$ 646,989
--	--	246,930	546,930
--	38,597	--	90,004
--	--	2,684	5,038
--	--	--	42,165
--	--	--	8,630
<u>\$ 309,224</u>	<u>\$ 231,987</u>	<u>\$ 249,614</u>	<u>\$ 1,339,756</u>
\$ --	\$ --	\$ 496	\$ 496
--	2,189	--	2,189
--	--	101,008	109,638
--	--	--	36,511
<u>--</u>	<u>2,189</u>	<u>101,504</u>	<u>148,834</u>
309,224	229,798	148,110	1,190,922
<u>309,224</u>	<u>229,798</u>	<u>148,110</u>	<u>1,190,922</u>
<u>\$ 309,224</u>	<u>\$ 231,987</u>	<u>\$ 249,614</u>	<u>\$ 1,339,756</u>

**CITY OF CORINTH, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Public Improvement District #1	Street Maintenance Sales Tax
Revenue:		
<i>Sales taxes</i>	\$ --	\$ 262,919
<i>Interest income</i>	158	20,053
<i>Park donations</i>	--	--
<i>Roadway impact fees</i>	--	--
<i>Intergovernmental</i>	--	--
<i>Miscellaneous income</i>	8,989	--
<i>Child safety fines</i>	--	--
Total revenues	<u>9,147</u>	<u>282,972</u>
Expenditures:		
Current:		
<i>Public safety</i>	--	--
<i>Public works</i>	--	49,674
Total Expenditures	<u>--</u>	<u>49,674</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,147</u>	<u>233,298</u>
Other Financing Sources (Uses):		
<i>Transfers out</i>	(15,082)	--
Total Other Financing Sources (Uses)	<u>(15,082)</u>	<u>--</u>
Net Change in Fund Balances	(5,935)	233,298
Fund Balances - Beginning	<u>2,959</u>	<u>273,468</u>
Fund Balances (deficit) - Ending	<u>\$ (2,976)</u>	<u>\$ 506,766</u>

Roadway Impact Fees	Crime Control & Prevention	Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ 220,457	\$ --	\$ 483,376
11,220	6,465	13,098	50,994
--	--	19,779	19,779
134,798	--	--	134,798
--	--	2,639	2,639
--	--	5,458	14,447
--	--	1,975	1,975
<u>146,018</u>	<u>226,922</u>	<u>42,949</u>	<u>708,008</u>
--	108,586	48,502	157,088
--	--	--	49,674
<u>--</u>	<u>108,586</u>	<u>48,502</u>	<u>206,762</u>
<u>146,018</u>	<u>118,336</u>	<u>(5,553)</u>	<u>501,246</u>
--	--	(87,868)	(102,950)
<u>--</u>	<u>--</u>	<u>(87,868)</u>	<u>(102,950)</u>
146,018	118,336	(93,421)	398,296
<u>163,206</u>	<u>111,462</u>	<u>241,531</u>	<u>792,626</u>
<u>\$ 309,224</u>	<u>\$ 229,798</u>	<u>\$ 148,110</u>	<u>\$ 1,190,922</u>

**CITY OF CORINTH, TEXAS**  
 STREET MAINTENANCE SALES TAX FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Sales taxes</i>	\$ 237,000	\$ 237,000	\$ 262,919	\$ 25,919
<i>Interest income</i>	--	--	20,053	20,053
Total revenues	<u>237,000</u>	<u>237,000</u>	<u>282,972</u>	<u>45,972</u>
Expenditures:				
Current:				
<i>Public works</i>	205,000	205,000	49,674	155,326
Total Expenditures	<u>205,000</u>	<u>205,000</u>	<u>49,674</u>	<u>155,326</u>
Net Change in Fund Balances	32,000	32,000	233,298	201,298
Fund Balances - Beginning	<u>273,468</u>	<u>273,468</u>	<u>273,468</u>	--
Fund Balances - Ending	<u>\$ 305,468</u>	<u>\$ 305,468</u>	<u>\$ 506,766</u>	<u>\$ 201,298</u>

**CITY OF CORINTH, TEXAS**  
 CRIME CONTROL & PREVENTION FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Sales taxes</i>	\$ 180,000	\$ 180,000	\$ 220,457	\$ 40,457
<i>Interest income</i>	--	--	6,465	6,465
Total revenues	<u>180,000</u>	<u>180,000</u>	<u>226,922</u>	<u>46,922</u>
Expenditures:				
Current:				
<i>Public safety</i>	<u>133,154</u>	<u>145,154</u>	<u>108,586</u>	<u>36,568</u>
Total Expenditures	<u>133,154</u>	<u>145,154</u>	<u>108,586</u>	<u>36,568</u>
Net Change in Fund Balances	46,846	34,846	118,336	83,490
Fund Balances - Beginning	<u>111,462</u>	<u>111,462</u>	<u>111,462</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 158,308</u>	<u>\$ 146,308</u>	<u>\$ 229,798</u>	<u>\$ 83,490</u>

**CITY OF CORINTH, TEXAS**  
 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Property taxes	\$ 1,410,868	\$ 1,410,868	\$ 1,436,349	\$ 25,481
Interest income	--	--	69,796	69,796
Total revenues	<u>1,410,868</u>	<u>1,410,868</u>	<u>1,506,145</u>	<u>95,277</u>
Expenditures:				
Debt Service:				
Principal	787,250	787,250	781,750	6,000
Interest	631,369	631,369	501,107	130,262
Paying agent fees	4,177	4,177	12,581	(8,404)
Bond issuance costs	--	--	90,814	(90,814)
Total Expenditures	<u>1,422,796</u>	<u>1,422,796</u>	<u>1,386,252</u>	<u>36,544</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,928)</u>	<u>(11,928)</u>	<u>119,893</u>	<u>131,821</u>
Other Financing Sources (Uses):				
Transfers in	--	--	15,082	15,082
Refunding debt issued	--	--	4,331,250	4,331,250
Payment to Refunded Bond Escrow Agent	--	--	(4,288,930)	(4,288,930)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>57,402</u>	<u>57,402</u>
Net Change in Fund Balances	<u>(11,928)</u>	<u>(11,928)</u>	<u>177,295</u>	<u>189,223</u>
Fund Balances - Beginning	<u>1,259,957</u>	<u>1,259,957</u>	<u>1,259,957</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 1,248,029</u>	<u>\$ 1,248,029</u>	<u>\$ 1,437,252</u>	<u>\$ 189,223</u>

**CITY OF CORINTH, TEXAS**

EXHIBIT C-8

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2007

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
<b>INSURANCE AGENCY FUND</b>				
<b>ASSETS</b>				
<i>Cash &amp; Investments</i>	\$ --	\$ 78,128	\$ 43,619	\$ 34,509
Total Assets	\$ --	\$ 78,128	\$ 43,619	\$ 34,509
<b>LIABILITIES</b>				
<i>Claims Payable</i>	\$ --	\$ 78,128	\$ 43,619	\$ 34,509
Total Liabilities	\$ --	\$ 78,128	\$ 43,619	\$ 34,509



**CITY OF CORINTH, TEXAS**

CORINTH ECONOMIC DEVELOPMENT 4(B) SALES TAX FUND  
 DISCRETELY PRESENTED COMPONENT UNIT  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT C-9

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>Sales</i>	\$ 474,000	\$ 474,000	\$ 525,820	\$ 51,820
<i>Interest income</i>	45,000	45,000	65,471	20,471
Total revenues	<u>519,000</u>	<u>519,000</u>	<u>591,291</u>	<u>72,291</u>
Expenditures:				
Current:				
<i>Planning and community development</i>	<u>479,219</u>	<u>486,186</u>	<u>127,318</u>	<u>358,868</u>
Total Expenditures	<u>479,219</u>	<u>486,186</u>	<u>127,318</u>	<u>358,868</u>
Net Change in Fund Balances	39,781	32,814	463,973	431,159
Fund Balances - Beginning	<u>1,158,470</u>	<u>1,158,470</u>	<u>1,158,470</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 1,198,251</u>	<u>\$ 1,191,284</u>	<u>\$ 1,622,443</u>	<u>\$ 431,159</u>



## 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 page 80

*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity page 85

*These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.*

Debt Capacity page 93

*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.*

Demographic and Economic Information page 97

*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.*

Operating Information page 99

*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.*

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 ASSETS BY COMPONENT  
 LAST FIVE FISCAL YEARS  
 (ACCURAL BASIS OF ACCOUNTING)  
 (Unaudited)

	Fiscal Year				
	2003	2004	2005	2006 [1]	2007
<b>Governmental Activities</b>					
Invested in Capital Assets,					
Net of Related Debt	\$ (199,068)	\$ 565,152	\$ 46,286,313	\$ 45,102,746	\$ 44,765,230
Restricted	2,626,881	3,417,639	977,578	2,951,097	1,476,268
Unrestricted	1,754,328	1,635,029	6,226,345	5,847,984	7,536,931
Total Governmental Activities Net Assets	\$ 4,182,141	\$ 5,617,820	\$ 53,490,236	\$ 53,901,827	\$ 53,778,429
<b>Business-type Activities</b>					
Invested in Capital Assets,					
Net of Related Debt	\$ 12,112,465	\$ 10,987,669	\$ 12,462,107	\$ 13,801,367	\$ 16,104,296
Restricted	1,683,050	1,866,796	1,364,100	--	--
Unrestricted	(456,751)	(1,055,443)	799,118	2,625,039	3,288,681
Total Business-type Activities Net Assets	\$ 13,338,764	\$ 11,799,022	\$ 14,625,325	\$ 16,426,406	\$ 19,392,977
<b>Primary Government</b>					
Invested in Capital Assets,					
Net of Related Debt	\$ 11,913,397	\$ 11,552,821	\$ 58,748,420	\$ 58,904,113	\$ 60,869,526
Restricted	4,309,931	5,284,435	2,341,678	2,951,097	1,476,268
Unrestricted	1,297,577	579,586	7,025,463	8,473,023	10,825,612
Total Primary Government Net Assets	\$ 17,520,905	\$ 17,416,842	\$ 68,115,561	\$ 70,328,233	\$ 73,171,406

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

[1] Fiscal year 2006 as restated. See Note I.E.

**CITY OF CORINTH, TEXAS**

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

LAST FIVE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental Activities [1]:					
Public safety	\$ 1,833,954	\$ 2,158,121	\$ 2,157,623	\$ 2,570,307	\$ 2,745,345
Fire	1,145,958	1,318,659	1,475,376	1,565,570	1,995,931
Community services	--	--	--	1,649,758	1,805,271
Culture & Recreation	1,043,990	1,048,510	1,173,264	--	--
Public works	--	--	--	4,105,885	4,065,127
Highways & Streets	1,778,484	698,839	3,415,957	--	--
Planning and community development	--	--	--	596,687	744,218
Community development	444,553	394,067	350,040	--	--
Economic development	314,892	246,323	206,577	--	--
City administration	--	--	--	594,134	713,750
Financial and administrative services	--	--	--	725,165	949,085
General Government	1,429,309	1,476,264	1,811,599	--	--
Interest on Long-Term Debt	1,582,717	870,298	769,953	578,365	551,031
Total Governmental Activities Expenses	<u>9,573,857</u>	<u>8,211,081</u>	<u>11,360,389</u>	<u>12,385,871</u>	<u>13,569,758</u>
Business-type Activities:					
Water and wastewater	7,033,190	7,288,289	7,775,047	8,384,025	8,358,811
Storm Water Utility	--	--	295,597	207,768	347,618
Total Business-type Activities Expenses	<u>7,033,190</u>	<u>7,288,289</u>	<u>8,070,644</u>	<u>8,591,793</u>	<u>8,706,429</u>
Total Primary Government Expenses	<u>\$ 16,607,047</u>	<u>\$ 15,499,370</u>	<u>\$ 19,431,033</u>	<u>\$ 20,977,664</u>	<u>\$ 22,276,187</u>
<b>Program Revenues</b>					
Governmental Activities [1]:					
Charges for Services:					
Public safety	\$ 239,822	\$ 447,107	\$ 492,359	\$ 133,700	\$ 171,534
Community services	--	--	--	774,741	750,410
Culture & Recreation	104,945	97,960	130,454	--	--
Planning and community development	--	--	--	661,209	459,128
City administration	--	--	--	7,890	13,972
Finance and administrative services	--	--	--	252,636	559,992
General Government	1,108,355	1,099,768	1,147,641	--	--
Operating Grants and Contributions	2,476	25,716	159,282	211,840	202,291
Capital Grants and Contributions	--	36,796	5,786	688,101	1,055,742
Total Governmental Activities Program Revenues	<u>1,455,598</u>	<u>1,707,347</u>	<u>1,935,522</u>	<u>2,729,937</u>	<u>3,213,069</u>
Business-type Activities:					
Charges for Services:					
Water and wastewater	5,829,380	5,622,897	7,200,377	8,624,995	8,706,440
Storm Water Utility	--	--	295,598	364,504	432,848
Operating Grants and Contributions	--	--	1,208,704	--	--
Capital Grants and Contributions	--	886,106	--	1,265,180	2,127,103
Total Business-type Activities Program Revenues	<u>5,829,380</u>	<u>6,509,003</u>	<u>8,704,679</u>	<u>10,254,679</u>	<u>11,266,391</u>
Total Primary Government Program Revenues	<u>\$ 7,284,978</u>	<u>\$ 8,216,350</u>	<u>\$ 10,640,201</u>	<u>\$ 12,984,616</u>	<u>\$ 14,479,460</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (8,118,259)	\$ (6,503,734)	\$ (9,424,867)	\$ (9,655,934)	\$ (10,356,689)
Business-type Activities	(1,203,810)	(779,286)	634,035	1,662,886	2,559,962
Total Primary Government Net Expense	<u>\$ (9,322,069)</u>	<u>\$ (7,283,020)</u>	<u>\$ (8,790,832)</u>	<u>\$ (7,993,048)</u>	<u>\$ (7,796,727)</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. This information is presented using the accrual basis of accounting.

[1] Fiscal year 2006 as restated. See Note I.E.

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

Fiscal Year

	2003	2004	2005	2006 [1]	2007
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (8,118,258)	\$ (6,503,734)	\$ (9,424,867)	\$ (9,635,934)	\$ (10,356,689)
Business-type Activities	(1,203,810)	(779,286)	634,034	1,662,886	2,559,962
Total Primary Government Net Expense	<u>(9,322,068)</u>	<u>(7,283,020)</u>	<u>(8,790,833)</u>	<u>(7,973,048)</u>	<u>(7,796,727)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Taxes					
Property Taxes	3,689,016	6,515,600	6,841,794	6,894,264	7,362,347
Franchise Taxes	676,333	832,345	742,121	1,289,688	861,399
Sales Taxes	855,211	824,038	1,114,945	1,441,016	1,539,307
Other Taxes	3,586	18,297	4,169	--	--
Investment Earnings	47,337	86,918	114,676	427,975	562,353
Miscellaneous	2,260,952	531,844	236,163	37,082	46,395
Transfers	780,000	(559,938)	(486,669)	(22,500)	(138,510)
Total Governmental Activities	<u>8,312,435</u>	<u>8,249,104</u>	<u>8,567,199</u>	<u>10,067,525</u>	<u>10,233,291</u>
Business-type Activities:					
Investment Earnings	8,934	51,133	120,742	95,712	164,855
Miscellaneous	1,201,954	--	19,606	19,983	103,244
Transfers	(680,000)	559,938	485,120	22,500	138,510
Total Business-type Activities	<u>530,888</u>	<u>611,071</u>	<u>625,468</u>	<u>138,195</u>	<u>406,609</u>
Total Primary Government	<u>8,843,323</u>	<u>8,860,175</u>	<u>9,192,667</u>	<u>10,205,720</u>	<u>10,639,900</u>
Change in Net Assets					
Governmental Activities	194,177	1,745,370	(857,668)	411,771	(123,398)
Business-type Activities	(672,922)	(168,215)	1,259,502	1,801,081	2,966,571
Total Primary Government	<u>\$ (478,745)</u>	<u>\$ 1,577,155</u>	<u>\$ 401,834</u>	<u>\$ 2,212,852</u>	<u>\$ 2,843,173</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. This information is presented using the accrual basis of accounting.

[1] Fiscal year 2006 as restated. See Note I.E.

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Fund</b>										
Reserved	\$ -- \$	3,265,498	3,260,842	\$ -- \$	-- \$	2,321,856 \$	70,996 \$	60,234 \$	88,311 \$	152,119
Unreserved	2,339,649			4,554,602	3,254,610	650,644	2,835,785	4,016,196	5,574,219	6,197,669
<b>Total General Fund</b>	<b>\$ 2,339,649 \$</b>	<b>3,265,498 \$</b>	<b>3,260,842 \$</b>	<b>4,554,602 \$</b>	<b>3,254,610 \$</b>	<b>2,972,500 \$</b>	<b>2,906,781 \$</b>	<b>4,076,430 \$</b>	<b>5,662,349 \$</b>	<b>6,349,788</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 765,220 \$	974,336 \$	1,149,027 \$	1,360,246 \$	1,857,159 \$	2,336,307 \$	3,158,826 \$	1,811,859 \$	1,259,957 \$	1,517,764
Unreserved, Reported In:										
Special Revenue Funds	--	--	--	--	--	59,568	32,373	247,791	792,626	1,190,922
Capital Projects Funds	3,438,459	8,712,615	8,807,930	8,410,923	6,123,649	1,698,645	707,092	930,290	1,672,512	9,213,506
Debt Service Funds	--	--	--	--	--	--	--	--	--	--
<b>Total All Other Governmental Funds</b>	<b>\$ 4,203,679 \$</b>	<b>9,686,951 \$</b>	<b>9,956,957 \$</b>	<b>9,771,169 \$</b>	<b>7,980,808 \$</b>	<b>4,094,520 \$</b>	<b>3,898,291 \$</b>	<b>2,989,940 \$</b>	<b>3,725,095 \$</b>	<b>11,922,192</b>

TABLE D-5

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 2,484,819	\$ 3,284,384	\$ 4,365,186	\$ 5,722,419	\$ 6,313,191	\$ 7,198,835	\$ 8,107,616	\$ 8,779,829	\$ 9,618,306	\$ 9,692,332
Licenses, Fees and Permits	734,859	1,046,199	1,303,793	1,729,410	1,243,710	1,108,403	909,512	916,794	661,652	433,774
Fines and Penalties	166,526	230,003	253,877	307,781	233,218	401,998	645,562	393,693	657,395	627,526
Charges for Services	16,549	16,890	34,140	39,120	42,465	87,905	212,917	423,299	468,651	774,259
Special Assessments	185,320	172,154	95,440	98,381	725	431	--	--	--	134,798
Intergovernmental	--	--	--	--	--	--	--	--	64,138	182,512
Investment Earnings	74,743	97,776	177,509	180,836	75,210	47,424	27,843	91,574	427,975	562,354
Other Revenues	263,207	586,189	151,078	613,836	144,086	24,173	546,344	323,557	433,153	56,663
<b>Total Revenues</b>	<b>3,926,023</b>	<b>5,433,595</b>	<b>6,381,023</b>	<b>8,691,783</b>	<b>8,052,605</b>	<b>8,869,169</b>	<b>10,449,794</b>	<b>10,928,746</b>	<b>12,331,270</b>	<b>12,464,218</b>
<b>Expenditures</b>										
Public safety	907,914	1,145,875	1,558,794	2,263,152	2,770,171	1,833,954	2,158,121	2,157,623	2,532,277	2,682,837
Fire	--	--	--	--	--	1,145,958	1,318,659	1,475,376	1,565,570	1,995,931
Community services	--	--	--	--	--	--	--	--	1,722,157	1,662,575
Culture & Recreation	148,243	259,159	498,909	759,170	1,070,709	1,043,990	1,048,510	1,079,253	--	--
Public works	667,349	953,635	927,986	1,201,901	1,192,125	1,778,434	698,839	1,051,583	--	1,471,635
Highways & Streets	--	--	--	--	--	--	--	--	584,199	731,568
Planning and community development	207,722	511,156	662,296	651,610	534,481	444,553	394,067	350,040	--	--
Community development	--	--	--	--	--	314,892	246,323	206,577	--	--
Economic development	--	--	--	--	--	--	--	--	--	--
City administration	--	--	--	--	--	--	--	--	471,180	573,526
Finance and administrative services	469,690	648,081	923,394	1,055,782	1,217,509	1,429,309	1,476,264	2,159,873	669,849	895,690
General Government	516,335	255,145	226,677	444,194	240,069	173,499	43,033	--	--	--
Capital Outlay	333,810	296,707	1,020,490	1,066,865	765,605	1,582,717	870,298	749,545	580,911	501,107
Debt Service	174,432	299,076	755,316	900,924	679,744	741,250	776,750	1,415,000	1,437,500	781,750
Interest	--	--	--	--	--	--	--	4,038	6,478	15,379
Principal	--	--	--	--	--	--	--	--	--	148,263
Paying agent fees	--	--	--	--	--	--	--	--	--	--
Bond issuance costs	3,425,495	4,368,834	6,573,863	8,343,599	8,470,413	10,488,556	9,030,864	10,644,870	11,314,309	11,460,261
Total Expenditures	500,528	1,064,761	(192,840)	348,184	(417,808)	(1,619,387)	1,418,930	283,876	938,610	1,003,957
Excess Over (Under) Expenditures										
Other Financing Sources (Uses)										
Bonds Issued	8,540,000	7,000,000	2,500,000	2,530,000	--	--	--	1,200,000	3,962,400	12,031,250
Payments to Escrow Agent	--	--	--	--	--	--	--	--	(4,025,732)	(4,288,930)
Bond premium/discount	--	--	--	--	--	--	--	--	36,272	185,309
Capital Lease	--	--	--	--	--	--	--	107,346	--	--
Sale of capital assets	--	--	--	--	--	--	--	--	--	91,460
Transfers In (Out)	--	--	--	--	--	--	--	--	309,009	(138,510)
Total Other Financing Sources (uses)	8,540,000	7,000,000	2,500,000	2,530,000	--	--	--	1,307,346	281,949	7,880,579
Net Change in Fund Balances	\$ 9,040,528	\$ 8,064,761	\$ 2,307,160	\$ 2,878,184	\$ (417,808)	\$ (1,619,387)	\$ 1,418,930	\$ 1,591,222	\$ 1,298,910	\$ 8,884,536
Debt Service As A Percentage	21.20%	16.90%	38.80%	33.20%	21.30%	29.10%	22.40%	25.30%	21.90%	12.80%
Of Noncapital Expenditures										

TABLE D-6

**CITY OF CORINTH, TEXAS**

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

Fiscal Year	Property Tax	Sales & Use Tax	Franchise Tax	Total
1998	\$ 1,465,583	\$ 340,883	\$ 288,457	\$ 2,094,923
1999	1,655,431	532,101	359,493	2,547,025
2000	2,046,719	630,910	426,105	3,103,734
2001	2,605,287	1,051,527	507,748	4,164,562
2002	3,077,928	592,638	637,470	4,308,036
2003	3,689,016	855,211	645,301	5,189,528
2004	4,306,483	824,038	832,345	5,962,866
2005	4,762,241	952,897	733,510	6,448,648
2006	6,887,602	1,441,016	1,289,688	9,618,306
2007	7,391,626	1,539,307	861,399	9,792,332
Percent Change 1998-2007	404.3%	351.6%	198.6%	367.4%



TABLE D-7

**CITY OF CORINTH, TEXAS**  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1998	\$ 280,553,224	\$ 82,830,851	\$ 864,296	\$ 362,519,779	0.4285	\$ --	--
1999	355,184,620	77,595,135	1,372,990	431,406,765	0.4885	--	--
2000	500,357,852	113,480,924	1,935,526	611,903,250	0.5260	--	--
2001	650,290,871	131,283,224	3,398,657	778,175,438	0.5260	787,210,926	98.852%
2002	783,264,024	182,889,530	4,840,629	961,312,925	0.5260	966,067,978	99.508%
2003	860,425,894	198,037,277	4,719,761	1,053,743,410	0.5260	1,072,292,044	98.270%
2004	956,475,535	182,760,928	4,293,853	1,134,942,610	0.5498	1,148,698,875	98.802%
2005	1,008,448,363	181,575,304	3,795,317	1,186,228,350	0.5606	1,196,002,733	99.183%
2006	1,042,745,727	184,523,945	12,223,388	1,215,046,284	0.5570	1,225,470,133	99.149%
2007	1,115,822,194	188,527,671	16,943,689	1,287,406,176	0.5570	1,298,836,720	99.120%

Source: Denton Central Appraisal District. Actual taxable value for fiscal years 1998-2000 is not available.

TABLE D-8

**CITY OF CORINTH, TEXAS**  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates				
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Denton School District	Lake Dallas Independent School District	Corinth Municipal Utility District	Denton County	
1998	\$ 0.3933	\$ 0.0952	\$ 0.4885	\$ 1.7750	\$ 1.5200	\$ --	\$ 0.2559	
1999	0.3627	0.1633	0.5260	1.8500	1.5700	--	0.2488	
2000	0.3247	0.2013	0.5260	1.7000	1.4620	0.3800	0.2350	
2001	0.3290	0.1970	0.5260	1.8440	1.6600	0.3300	0.2319	
2002	0.3180	0.2080	0.5260	1.8540	1.6900	0.3100	0.2519	
2003	0.3404	0.1856	0.5260	1.8640	1.6900	0.3106	0.2490	
2004	0.3676	0.1821	0.5497	1.8640	1.7400	0.3300	0.2472	
2005	0.3933	0.1673	0.5606	1.8640	1.7950	0.3210	0.2548	
2006	0.4324	0.1246	0.5570	1.8640	1.8600	0.3100	0.2465	
2007	0.4274	0.1296	0.5570	1.7640	1.7900	0.3100	0.2319	

Source: Denton Central Appraisal District

**CITY OF CORINTH, TEXAS**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
(Unaudited)

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
TXU Electric Delivery Co	\$ 13,954,760	1	1.15%	\$ 4,691,360	3	1.29%
Denton County Electric Coop	11,094,119	2	0.91%	2,419,216	6	0.67%
Upsilon Corporation	8,118,741	3	0.67%	--	--	--
Boeing Defense & Space-Corinth	7,685,799	4	0.63%	40,107,307	1	11.04%
Kensington Square LP PS	6,365,745	5	0.52%	--	--	--
Albertson's	5,842,867	6	0.48%	--	--	--
Utter Properties, LLC	5,693,439	7	0.47%	1,076,218	16	0.30%
Utter, Bill	4,909,784	8	0.40%	--	--	--
Hughes Supply Inc	4,860,649	9	0.40%	--	--	--
CMC Land Inc	4,661,519	10	0.38%	--	--	--
Labinal-Corinth, Inc	4,321,816	11	0.36%	--	--	--
Tower Ridge Corinth I, LTD	4,253,747	12	0.35%	2,835,351	6	0.78%
Pinnell Square LP	3,870,727	13	0.32%	--	--	--
McClain, Larry	3,407,955	14	0.28%	--	--	--
Corinth Autumn Oaks LP	3,261,807	15	0.27%	--	--	--
CenturyTel of Lake Dallas, Inc	3,065,220	16	0.25%	--	--	--
Denton Harley Davidson LP	3,059,386	17	0.25%	--	--	--
Oakmont Management Corp.	3,058,253	18	0.25%	2,718,302	5	0.75%
WP Corinth Holdings LLC et al	3,041,920	19	0.25%	--	--	--
RS/CS Realty LTD	2,941,974	20	0.25%	--	--	--
Boeing Defense & Space	--	--	--	6,640,987	2	1.83%
Beal Mortgage	--	--	--	3,089,393	4	0.85%
Hillwood Oakmont LTD P/S	--	--	--	2,368,959	7	0.65%
Huffines Jeep Eagle Mazda	--	--	--	1,867,509	8	0.51%
Beal Properties Inc	--	--	--	1,774,541	9	0.49%
McClain's RV	--	--	--	1,737,528	10	0.48%
State Farm Mutual Auto Ins Co	--	--	--	1,704,453	11	0.47%
Oakmont Golf Sites LTD	--	--	--	1,346,237	12	0.37%
Hillwood Oakmont LTD	--	--	--	1,280,605	13	0.35%
David Weekly Homes	--	--	--	1,245,566	14	0.34%
Howard Homes	--	--	--	1,076,218	15	0.30%
Cypress Point Properties LTD	--	--	--	1,019,320	17	0.28%
Kohnert, Harold A, et al	--	--	--	1,014,781	18	0.28%
Centex Real Estate Corp	--	--	--	954,509	19	0.26%
Beazer Homes Tex LP P/S	--	--	--	943,396	20	0.26%
<b>Total</b>	<b>\$ 107,470,227</b>		<b>8.84%</b>	<b>\$ 81,911,756</b>		<b>22.55%</b>

Source: Denton Central Appraisal District

**CITY OF CORINTH, TEXAS**  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 1,795,742	\$ 1,709,226	95.18%	\$ 84,695	\$ 1,793,921	99.90%
1999	2,231,215	2,113,930	94.74%	115,967	2,229,897	99.94%
2000	3,166,393	3,039,025	95.98%	125,462	3,164,487	99.94%
2001	4,027,701	3,874,706	96.20%	150,861	4,025,567	99.95%
2002	4,999,407	4,930,784	98.63%	53,099	4,983,883	99.69%
2003	5,436,978	5,038,229	92.67%	382,335	5,420,564	99.70%
2004	6,049,602	5,983,684	98.91%	47,605	6,031,289	99.70%
2005	6,595,499	6,463,636	98.00%	114,602	6,578,238	99.74%
2006	6,770,070	6,706,697	99.06%	40,288	6,746,985	99.66%
2007	7,234,271	7,166,741	99.07%	--	7,166,741	99.07%

Sources: Denton Central Appraisal District

**CITY OF CORINTH, TEXAS**  
**TAXABLE SALES BY CATEGORY**  
**LAST TEN CALENDAR YEARS**  
*(Unaudited)*

	Calendar Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 [1]
Agriculture, Forestry and Fishing	\$ 111,738	\$ 99,218	\$ 68,431	\$ 225,309	\$ 288,145	\$ 368,182	\$ 1,701,873	\$ 1,575,004	\$ 2,537,401	\$ --
Construction	--	141,415	138,052	1,025,868	2,330,396	3,852,175	564,614	9,503	2,537,401	3,030,778
Manufacturing	3,864,582	5,530,702	895,101	203,668	289,864	358,527	301,795	754,783	4,962,686	1,266,820
Transportation, Communications and Utilities	--	3,658,398	28,027,521	42,689,585	50,548,742	76,007,439	82,638,801	98,276,725	78,610,397	41,593,378
Wholesale Trade	355,113	295,358	4,224,189	12,418,261	3,271,874	4,037,199	2,612,741	330,578	6,764,242	1,605,757
Retail Trade	14,593,613	18,895,309	22,389,649	24,658,143	27,929,397	29,002,808	29,599,390	31,313,395	22,303,872	11,571,431
Services	4,312,718	8,032,304	9,584,134	9,454,078	8,669,961	8,947,589	10,032,231	8,732,422	2,295,353	979,624
All Other Outlets	--	--	--	--	--	--	--	--	23,255,182	11,638,725
<b>Total</b>	<b>\$ 23,237,764</b>	<b>\$ 36,652,704</b>	<b>\$ 65,327,077</b>	<b>\$ 90,674,912</b>	<b>\$ 93,328,379</b>	<b>\$ 122,573,919</b>	<b>\$ 127,451,445</b>	<b>\$ 140,992,410</b>	<b>\$ 140,729,133</b>	<b>\$ 71,686,513</b>
Direct Sales Tax Rate	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

Source: Office of the Comptroller of the State of Texas

[1] Due to a lag in reporting from the State Comptroller's Office, sales tax for 2007 reports only the first two quarters.

**CITY OF CORINTH, TEXAS**  
 DIRECT AND OVERLAPPING SALES TAX RATES  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Corinth Direct Rate	Corinth Street Maintenance	Eco/Devo Sec 4(B)	Corinth Crime Control
1998	1.00%	--	--	--
1999	1.00%	--	--	--
2000	1.00%	--	--	--
2001	1.00%	--	--	--
2002	1.00%	--	--	--
2003	1.00%	--	0.50%	--
2004	1.00%	--	0.50%	--
2005	1.00%	0.25%	0.50%	0.25%
2006	1.00%	0.25%	0.50%	0.25%
2007	1.00%	0.25%	0.50%	0.25%

Source: Texas State Comptroller

**CITY OF CORINTH, TEXAS**  
**PRINCIPAL SALES TAX REMITTERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(Unaudited)*

Tax Remitter Category	Fiscal Year 2007				Fiscal Year 1998		
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers [1]	Tax Liability	Percentage of Total
Transportation, Communications and Utilities	23	2.18%	\$ 31,356	60.59%		\$ --	--
Retail Trade	395	37.37%	538,506	23.01%		170,506	69.24%
Services	274	25.92%	373,546	6.57%		32,126	13.05%
Other	253	23.94%	344,917	6.26%		--	--
Manufacturing	44	4.16%	59,986	2.36%		24,011	9.75%
Agriculture, Forestry, and Fishing	27	2.55%	36,809	1.05%		788	0.32%
Construction	21	1.99%	28,629	0.01%		2,980	1.21%
Wholesale Trade	20	1.89%	27,266	0.15%		15,860	6.43%
<b>Total</b>	<b>1057</b>	<b>100.00%</b>	<b>\$ 1,441,016</b>	<b>100.00%</b>		<b>\$ 246,271</b>	<b>100.00%</b>

Note: Due to Texas state law, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of revenue.

[1] Number of filers in each category is not available for fiscal year 1998.

Fiscal year 2007 represents three quarters of available information from the Texas State Comptroller's Office.

**CITY OF CORINTH, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Fiscal Year	General Bonded Debt				Other Gov't Activities Debt			Percentage of Actual Taxable Value of Property	Per Capita	Capital Leases
	General Obligation Bonds	Certificates of Obligation/ Tax Notes	Total Tax Supported Debt		Capital Leases					
1998	4,919,000	1,215,000	6,134,000		682	--	1.69%	682		
1999	11,735,250	1,180,000	12,915,250		1,252	--	2.99%	1,252		
2000	13,980,750	1,140,000	15,120,750		1,216	--	2.47%	1,216		
2001	13,562,000	1,100,000	14,662,000		991	--	1.88%	991		
2002	15,049,000	1,500,000	16,549,000		952	--	1.72%	952		
2003	14,437,750	1,355,000	15,792,750		853	--	1.50%	853		
2004	13,796,000	1,200,000	14,996,000		784	--	1.32%	784		
2005	13,121,000	1,640,000	14,761,000		737	107,346	1.24%	737	107,346	
2006	13,257,100	135,000	13,392,400		715	87,645	1.10%	715	87,645	
2007	12,599,150	7,780,000	20,379,150		1,048	67,098	1.58%	1,048	67,098	

Fiscal Year	Business-type Activities				TOTAL PRIMARY GOVERNMENT			
	Water Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Total Tax Supported Debt	Capital Leases	Total Government	Per Capita	Percentage of Personal Income
1998	--	3,745,000	1,305,000	5,050,000	--	1,184,000	1,552	5.32%
1999	--	3,643,750	1,175,000	4,818,750	--	17,734,000	1,892	6.34%
2000	--	3,503,250	1,040,000	4,543,250	--	19,664,000	1,710	5.61%
2001	--	3,393,000	895,000	4,288,000	--	18,950,000	1,384	4.41%
2002	--	3,276,000	740,000	4,016,000	--	20,565,000	1,302	4.09%
2003	--	3,152,250	5,700,000	3,722,250	--	19,515,000	1,153	3.54%
2004	--	3,024,000	385,000	3,409,000	--	18,405,000	1,046	5.95%
2005	--	2,889,000	200,000	3,089,000	107,346	18,064,692	1,015	2.93%
2006	--	2,782,600	--	2,782,600	87,645	16,350,290	881	2.48%
2007	--	2,615,850	15,930,000	18,545,850	67,098	38,925,000	2,001	5.48%



TABLE D-15

**CITY OF CORINTH, TEXAS**

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

*(Unaudited)*

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
1998	\$ 4,919,000	1.36%	682
1999	11,735,250	2.72%	1,252
2000	13,980,750	2.28%	1,216
2001	13,562,000	1.74%	991
2002	15,049,000	1.57%	952
2003	14,437,750	1.37%	853
2004	13,796,000	1.32%	784
2005	13,121,000	1.24%	737
2006	13,257,400	1.09%	715
2007	20,379,150	1.58%	1,048

**CITY OF CORINTH, TEXAS**  
 DIRECT AND OVERLAPPING  
 GOVERNMENTAL ACTIVITIES DEBT  
 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt Repaid With Property Taxes</b>			
Corinth Municipal Utility District	\$ 600,000	100.000%	\$ 600,000
Denton County	8,375,445	3.120%	261,314
Denton Independent School District	38,633,667	4.090%	1,580,117
Lake Dallas Independent School District	49,628,945	41.270%	20,481,866
<b>Other Debt</b>			
Denton County capital leases	226,596	3.120%	7,070
Denton ISD capital leases	524,620	4.090%	21,457
Lake Dallas ISD capital leases	13,672	41.270%	5,642
<b>Subtotal, Overlapping Debt</b>			<u>22,957,466</u>
<b>City Direct Debt</b>			<u>38,925,000</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 61,882,466</u>

Source: First Southwest Financial Services

**CITY OF CORINTH, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 36,251,978	\$ 43,140,677	\$ 61,190,325	\$ 77,817,544	\$ 96,131,293	\$ 105,374,341	\$ 113,494,261	\$ 118,622,835	\$ 121,504,628	\$ 128,740,618
Total Net Debt Applicable to Limit	11,184,000	17,734,000	19,664,000	21,480,000	20,565,000	19,777,300	18,405,000	17,245,000	16,175,000	38,925,000
Legal Debt Margin	\$ 25,067,978	\$ 25,406,677	\$ 41,526,325	\$ 56,337,544	\$ 75,566,293	\$ 85,597,041	\$ 95,089,261	\$ 101,377,835	\$ 105,329,628	\$ 89,815,618
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	30.85%	41.11%	32.14%	27.60%	21.39%	18.77%	16.22%	14.54%	13.31%	30.24%

**Legal Debt Margin Calculation for the Current Fiscal Year**

Assessed Value	\$ 1,287,406,176
Debt Limit (10% of Assessed Value)	128,740,618
Debt Applicable to Limit:	
General Obligation Bonds	38,925,000
Less: Amount Set Aside for Repayment of General Obligation Debt	1,476,268
Net Debt Applicable to Limit	37,448,732
Legal Debt Margin	\$ 91,291,886

**CITY OF CORINTH, TEXAS**  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS  
 (Unaudited)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Population [1]	7,208	9,374	11,500	13,688	15,800	16,919	17,592	17,800	18,550	19,450
Median Household Income [2]	\$ 74,159	\$ 75,797	\$ 78,345	\$ 80,574	\$ 81,484	\$ 83,714	\$ 85,943	\$ 88,855	\$ 91,266	\$ 93,776
Per Capita Personal Income [3]	\$ 29,188	\$ 29,833	\$ 30,492	\$ 31,360	\$ 31,855	\$ 32,581	\$ 33,449	\$ 34,582	\$ 35,521	\$ 36,498
Total Personal Income [4]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Median Age [5]	--	--	31	31	31	31	31	31	31	31
Education Level [6]										
High school graduate (or equivalent)	--	--	17%	17%	17%	17%	17%	17%	17%	17%
Some college/associate's degree	--	--	40%	40%	40%	40%	40%	40%	40%	40%
Bachelor's degree	--	--	28%	28%	28%	28%	28%	28%	28%	28%
Master's, professional or doctorate	--	--	11%	11%	11%	11%	11%	11%	11%	11%
School Enrollment [7]	1,882	2,448	3,003	3,574	4,126	4,418	4,594	4,648	4,844	5,092
Unemployment [8]	2.0%	1.9%	2.0%	3.0%	4.7%	5.0%	4.1%	4.2%	3.8%	4.0%

[1] Population data is an estimate from the North Central Texas Council of Governments.  
 [2] Median household income is an estimate based on the 2000 Census data using the Dallas/Fort Worth area Consumer Price Index for each year.  
 [3] PerCapita personal income is an estimate based on the 2000 Census data using the Dallas/Fort Worth area Consumer Price Index for each year.  
 [4] Total personal income for the City of Corinth is unavailable.  
 [5] Median age per the 2000 U.S. Census.  
 [6] Education level per the 2000 U.S. Census.  
 [7] School enrollment is an estimate based on the 2000 Census and the population growth for each year.  
 [8] Unemployment rate for Denton County, Texas per the Texas Workforce Commission.

**CITY OF CORINTH, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(Unaudited)*

Employer	2007			1998 [1]		
	Employees	Rank	Percentage of Total City Employment [2]	Employees	Rank	Percentage of Total City Employment
Labinal	600	1	--	--	--	--
CoServ	300	2	--	--	--	--
North Central Texas College	200	3	--	--	--	--
City of Corinth	165	4	--	--	--	--
Albertson's	115	5	--	--	--	--
Bill Utter Ford	110	6	--	--	--	--
Grande Communications	100	7	--	--	--	--
Harley Davidson	50	8	--	--	--	--
Total	1,640		--	--		--

Source: City Economic Development Division

[1] 1998 Employer data is unavailable.

[2] The percent of total City employment attributable is less than 1/10 of one percent for all of the above employers.

**CITY OF CORINTH, TEXAS**  
**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Function/Program [1]	Full-Time-Equivalent Employees as of Year End									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
City Administration	4.0	4.0	5.0	5.0	5.0	4.0	3.0	3.0	3.0	3.0
City Management										3.0
Legal										1.0
Public Safety										
Police	17.0	17.0	20.0	22.0	22.0	25.0	25.0	26.0	29.0	31.0
Animal Control	--	--	--	--	--	1.0	1.0	1.5	1.5	1.5
Lake Cities Fire Department [1]	--	--	--	--	--	39.0	39.0	36.0	38.0	40.0
Public Works										
Streets	7.9	9.4	11.4	12.9	12.9	12.4	5.4	7.4	7.4	7.0
Fleet Maintenance	--	--	--	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Community Development [2]	3.0	9.0	13.0	12.0	12.0	9.0	8.0	8.0	5.0	5.0
Planning	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0
Code Enforcement & Permitting	3.0	--	--	--	--	--	--	3.0	3.0	6.0
Community Services	7.0	7.0	11.0	13.5	14.0	16.0	18.0	17.0	17.0	17.0
Municipal Court	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Parks & Recreation										18.3
Finance & Admin. Services										
Finance [4]	3.5	3.5	7.0	7.0	7.0	6.0	7.0	8.0	5.0	6.0
Human Resources	--	--	--	--	--	--	--	--	2.0	2.0
Information Services	--	--	--	--	--	--	--	--	1.0	2.0
Water/Wastewater Fund										
Water/Wastewater	15.1	18.6	20.6	23.1	23.1	26.6	26.6	26.6	23.6	23.0
Utility Billing	--	--	--	--	--	--	--	--	3.0	3.0
Storm Drainage Fund										
Corinth Economic Development Corp.	--	--	--	--	--	--	--	3.0	3.0	3.0
Crime Control District Fund	--	--	--	--	--	--	--	--	2.0	1.0
	--	--	--	--	--	--	--	--	1.0	0.5
<b>Total</b>	<b>63.5</b>	<b>71.5</b>	<b>93.0</b>	<b>102.5</b>	<b>103.0</b>	<b>146.0</b>	<b>140.0</b>	<b>146.5</b>	<b>152.5</b>	<b>158.3</b>

Source: Finance and Administrative Services Department

[1] For improved understanding, the City is reporting the full-time equivalent employees by department (i.e. "Public Works") then division (i.e. "Streets"). The legal level of budgetary control for the City is at the department level; the change in statistical reporting therefore gives a clearer picture of FTEs as they relate to the budget.  
 [2] The Lake Cities Fire Department is a separate entity for which the City of Corinth is responsible for approximately 55% of total operations.  
 [3] Code Enforcement division was combined with Community Development from 1999 through 2004.  
 [4] In fiscal year 2006, the Human Resources and Information Services divisions were reported separately from the Finance division.

TABLE D-21

**CITY OF CORINTH, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Building Permits Issued	777	788	596	507	387	345	264	217	123	96
Building Inspections Conducted	1,112	1,365	1,070	1,334	1,495	1,437	1,152	725	382	3,325
Police										
Physical Arrests	484	626	700	586	431	535	528	713	836	572
Parking Violations	54	68	70	164	75	91	117	105	38	51
Traffic Violations	4,019	4,455	5,236	4,391	4,958	5,379	6,471	4,940	8,711	7,102
Fire [1]										
Emergency Responses	--	554	640	758	708	718	810	921	930	1,089
Fires Extinguished	--	--	--	33	23	21	18	33	29	42
Inspections	--	--	--	--	--	--	--	--	137	349
Other Public Works [2]										
Street Resurfacing (miles)	--	--	--	--	--	1	1	<1	<1	1
Potholes Repaired	--	--	--	--	1,076	1,843	1,265	1,040	461	6,080
Parks and Recreation [3]										
Classes offered (hours)	--	--	--	--	--	--	669	816	565	526
Participants	--	--	--	--	--	--	4,419	4,883	4,150	3,758
Special events	--	--	--	--	--	--	123	111	124	117
Participants	--	--	--	--	--	--	18,255	15,639	21,284	22,000
Athletic League Participants/Attendees	--	--	--	--	--	--	--	--	--	24,880
Recreation center general use (hours)	--	--	--	--	--	--	4,052	8,735	12,453	1,768
Water										
New Connections	738	738	640	177	478	382	234	202	131	98
Water Main Breaks [4]	--	--	--	--	--	31	41	37	47	5
Average Daily Consumption (millions of gallons)	1.16	1.62	2.14	2.09	2.44	2.79	2.52	3.00	3.55	2.45
Peak Daily Consumption (millions of gallons)	2.67	4.68	6.01	5.81	5.73	8.10	7.15	7.04	7.35	5.59
Wastewater										
New Connections	--	755	480	517	334	320	310	197	45	151
Average Daily Sewage Treatment (millions of gallons) [5]	0.44	0.48	0.49	0.59	0.53	0.52	0.66	0.72	0.67	1.05
Upper Trinity Regional Water District	0.66	0.72	0.74	0.16	0.41	0.60	0.46	0.39	0.73	0.70
City of Denton										

[1] Data for emergency responses is unavailable for 1998; data for fires extinguished is unavailable for 1998-2000.

[2] The Corinth Streets Division of Public Works did not track operating indicators prior to fiscal year 2002.

[3] Recreation center hours decreased due to the loss of the use of a Denton ISD facility. Special event and athletic league participants and attendee counts are estimates based on observation.

[4] Water main breaks were not tracked as an operating indicator before fiscal year 2003.

[5] The City of Corinth has two contracts for waste disposal. Flows sent to Upper Trinity are metered. Flows sent to Denton are based on some metered flow and an estimate based on house count. Prior year Denton flows have been restated.

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

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Stations	1	1	1	1	1	1	1	1	2	2
Patrol Units	10	13	17	13	12	13	13	18	23	29
Fire Stations	--	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	55	63	72	76	76	78	90	95	100	108
Highways (miles)	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Traffic Signals	--	--	--	--	--	--	--	--	1	2
Parks and Recreation										
Acres	141	156	166	166	182	182	182	182	182	184
Playgrounds	3	3	4	6	8	8	9	10	10	11
Baseball/Softball Fields	--	--	--	5	5	7	7	7	7	7
Soccer/Football Fields	--	--	--	3	3	6	6	6	6	6
Recreation Centers	--	--	--	1	2	2	2	2	2	2
Trails (miles)	--	--	--	--	--	--	--	11.66	11.66	12.74
Water										
Connections	3,592	4,330	4,970	5,147	5,625	6,007	6,241	6,443	6,574	6,672
Water Mains (miles)	--	--	--	--	--	--	102	103	105	103
Fire Hydrants	449	582	646	668	680	693	695	728	750	732
Storage Capacity (millions of gallons)	2.5	3.0	3.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Subscribed Capacity, UTRWD (mgd)	2.0	5.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Wastewater										
Connections	3,309	4,064	4,544	5,061	5,395	5,715	6,025	6,222	6,267	6,418
Sanitary Sewers (miles)	--	--	--	72.1	82.0	87.0	94.0	94.0	95.2	93.7
Storm Sewers (miles)	6.80	11.79	13.59	14.08	19.08	21.08	23.06	26.04	30.04	31.00
Treatment Capacity, UTRWD (mgd) [1]	--	--	--	1.61	1.61	1.61	1.61	1.61	1.61	1.61
Treatment Capacity, City of Denton (mgd) [1]	--	--	--	--	--	--	--	--	--	--

Sources: Various city departments

[1] The City of Centon bills the City of Corinth based on two wastewater flow meters and an estimate based on connection count. UTRWD uses a take-or-pay system of billing in which the member city (Corinth) purchases capacity.