

City of Corinth, Texas

Comprehensive Annual Financial Report



*For the fiscal year ended
September 30, 2009*

**CITY OF CORINTH
ELECTED OFFICIALS**



Paul Ruggiere
Mayor



Joe Harrison
Mayor Pro Tem
Council Place IV



Bruce Hanson
Council Place V



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.



John Booher
Council Place III



Jim Mayfield
Council Place II



Randy Gibbons
Council Place I

CITY OF CORINTH

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended September 30, 2009



Jim Berzina
INTERIM CITY MANAGER

Department of
Finance & Administrative Services

Lee Ann Bunselmeyer
Director of Finance

Caryn Riggs
Controller

Chris Rodriguez
Financial Services Manager

CITY OF CORINTH, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

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INTRODUCTORY SECTION



March 25, 2010

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, 2009. 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 CAFR is organized into three sections: *Introductory*, *Financial* and *Statistical*. The *Introductory* section includes this transmittal letter, the City's organization chart, and a list of principal officials.

The *Financial* section includes the auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information, combining and individual fund financial statements and other supplemental information.

The *Statistical* section includes selected financial and demographic information, generally presented on a multi-year basis. The information is presented in table format to assist the reader with a comparative analysis.

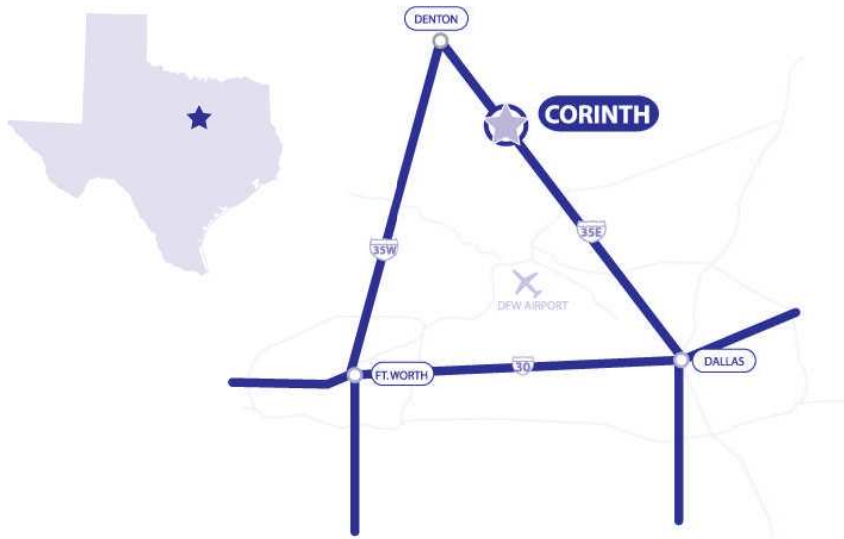
The City of Corinth's financial statements have been audited by Rutledge, Crain & Company, PC, a firm of licensed certified public accountants. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City of Corinth, for the fiscal year ended September 30, 2009, 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, 2009, 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 MD&A. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Corinth's MD&A can be found immediately following the report of the independent auditors.

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 19,788. The City is empowered to levy a property tax on real property and certain personal 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 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

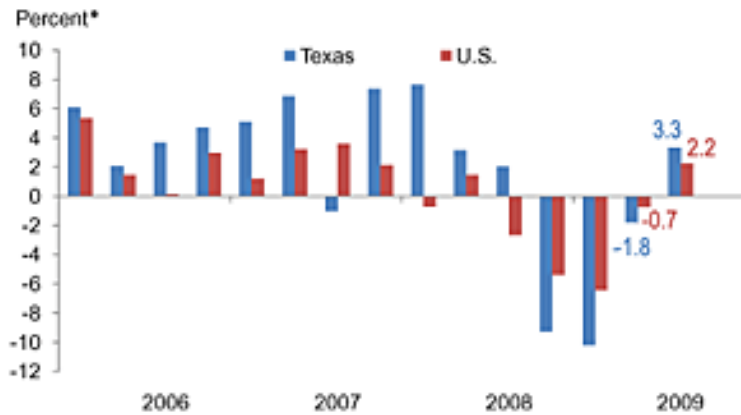
and adoption. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (i.e., Community Services), department (i.e., Community Services) and division (i.e., Recreation). 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 continued weakening economy in 2009. The overall Texas economy is still considered healthier than most of the country. According to the Texas Workforce Commission, Texas unemployment for last year was 8.3%, which is still below the national average of 10%. Although, the Texas housing market declined through the end of 2008, 2009 appears promising as building permits rise. Nationally the housing market continues to struggle.

Chart 2
Texas GDP Increased in Q3 2009
 (Deflated with implicit deflator)



*Quarter/quarter; seasonally adjusted, annualized rate.
 SOURCES: Bureau of Economic Analysis; seasonal and other adjustments by the Dallas Fed.

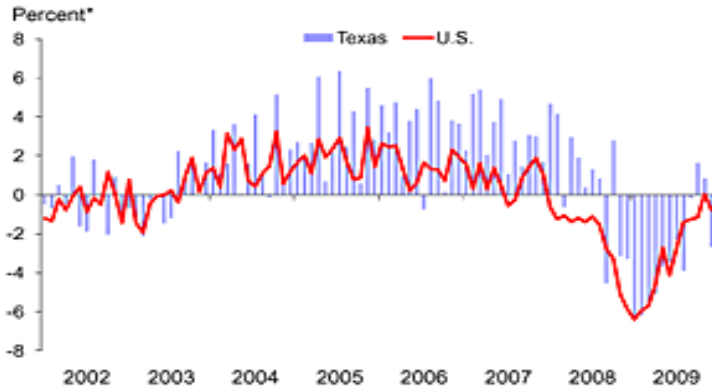
Corinth continues to rely heavily on property tax to support its continuing operations, with the City being approximately 85 percent residential. Certified property values declined for the 2008 tax year by \$23.4 million, a 1.67 percent decrease over the 2007 certified value, which had increased 3.2 percent over the previous year. While home values decreased, franchise fees from locally operating utility companies came in significantly higher than expected due to the weather experienced in the region during the spring and summer.

Sales tax revenue decreased during the fiscal year compared to the prior year by 10 percent. Primarily a residential community, Corinth relies heavily on sales tax from taxes paid on utilities. Sales tax collected on

utilities sales increased by 2 percent. All sales tax collections are as reported by the Texas Comptroller of Public Accounts¹.

¹ Collections for the twelve month period ending September 30, 2009.

**Chart 1
Texas Job Growth Stabilizing**



*Month/month; seasonally adjusted, annualized rate.
SOURCES: Bureau of Labor Statistics; seasonal and other adjustments by the Dallas Fed.

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 4.9 percent.² For the same period the Dallas County's unemployment rate was 8.2 percent, the overall state of Texas rate was 8.3 percent and the nation as a whole was 10 percent.³ Texas job growth is increasing in 2009. (Chart 1)

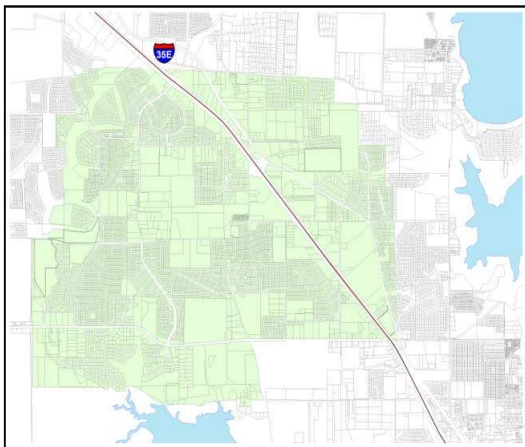
The national unemployment rate reached a 26-year high peaking at 10 percent but has been declining since.

Texas has consistently remained below the national average. This is expected to continue into 2010.

Major employers in the City of Corinth include:

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

² Source: Texas Workforce Commission. www.twc.state.tx.us

³ Source: Texas Workforce Commission. www.twc.state.tx.us; seasonally unadjusted unemployment rate.

infrastructure needs account for 85% of the remaining funds, with the balance dedicated to City-wide technology infrastructure improvements. The five-year plan has been suspended by the Council in response to slowed revenue growth and economic challenges.

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 2009-10 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 322 days. The average yield on investments each quarter was 1.32 percent. Corinth adheres to the investment guidelines set forth in the Public Funds Investment Act (PFIA).

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.

ACKNOWLEDGEMENTS

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

Jim Berzina
Interim City Manager

Signature Redacted

Lee Ann Bunselmeyer
Director of Finance

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

Elected Officials:

Paul Ruggiere
Mayor

Randy Gibbons
Council Place I

Jim Mayfield
Council Place II

John Booher
Council Place III

Joe Harrison
Mayor Pro Tem, Council Place IV

Bruce Hanson
Council Place V

Appointed Officials:

Jim Berzina
Interim City Manager

LeeAnn Bunselmeyer
Director of Finance

Justin Brown
Director of Public Works

Fred Gibbs
Director of Planning and Community Development

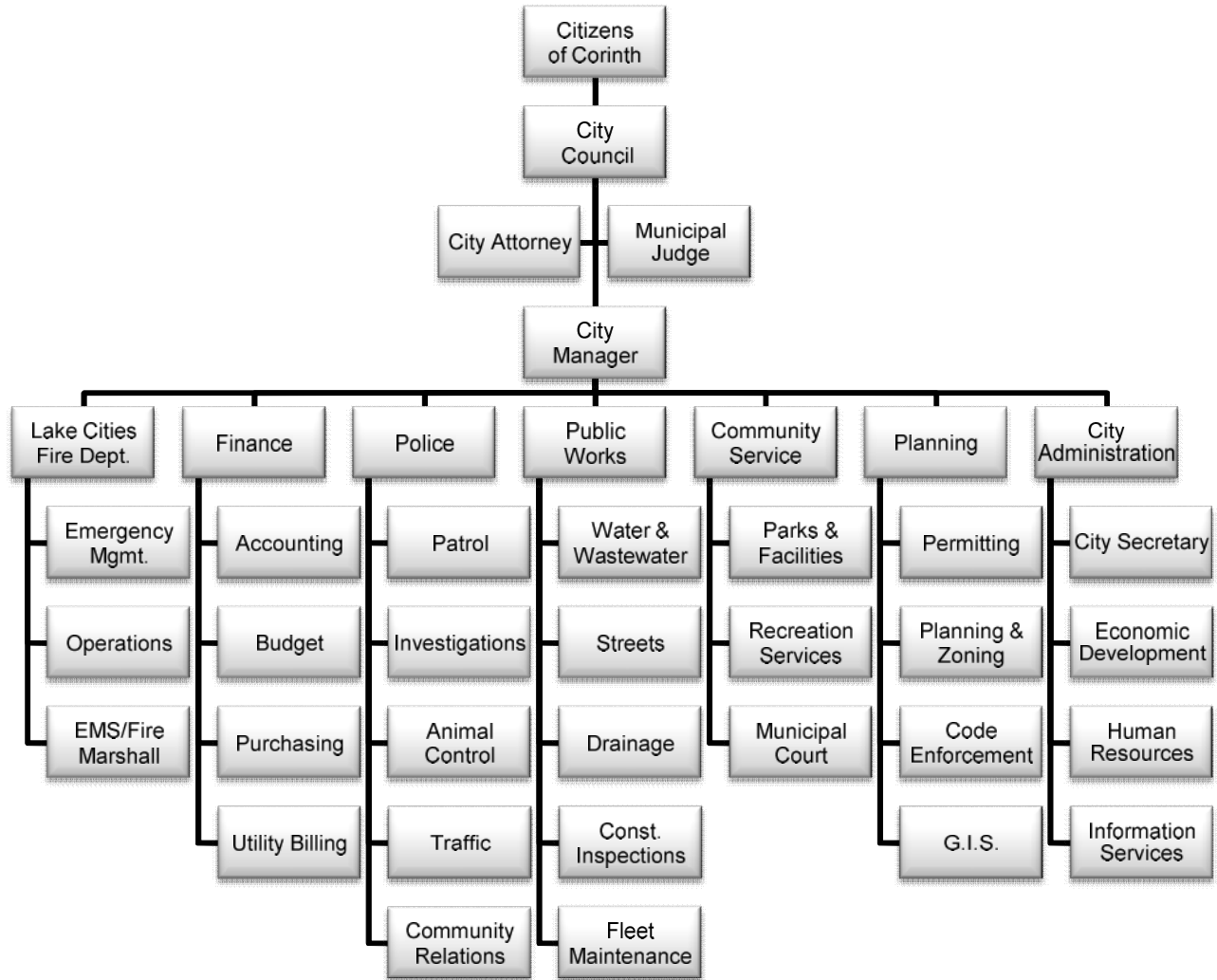
Paul Leslie
Director of Community Services

Debra Bradley
Chief of Police

Curtis Birt
Fire Chief

ORGANIZATIONAL CHART

As of October 1, 2008



FINANCIAL SECTION

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

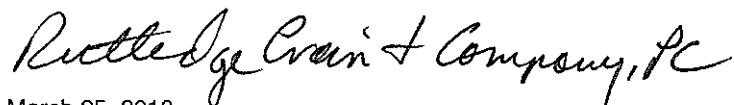
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Corinth, Texas, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City 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, 2009, 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 11 through 22 and 61 through 62 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.


March 25, 2010

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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, 2009. 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 \$73,972,248 (*net assets*).
- The government's total net assets, as restated, increased \$906,806 in comparison with the prior year. The increase in net assets reflects the degree to which revenues exceeded expenses.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,634,829, a decrease of \$1,401,752 in comparison with the prior year. Of the combined ending balances, \$13,870,220 or 83 percent is available for spending within the City's guidelines (*unreserved fund balance*).
- The City's unreserved fund balance for the general fund was \$4,337,600, or 33 percent of total general fund expenditures.
- The City's long term liabilities of \$36,228,245 decreased \$2,002,308 during fiscal year 2009. The decrease reflects the principal portion of debt payments; no new debt was issued in fiscal year 2009.

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

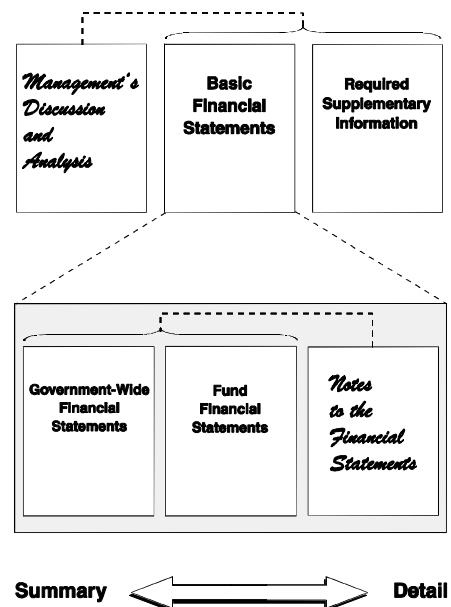


Figure 1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

Management's Discussion and Analysis

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 25 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.

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

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

Type of Statements	Government-wide	Governmental	Fund Statements	
			Proprietary Funds	Fiduciary Funds
Scope	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses or self insurance funds	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balance 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenditures & changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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

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 fifteen 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 the 2007 CIP Streets fund, which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single aggregated presentation. Fund data for the 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 governmental fund financial statements can be found starting on page 28 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 39 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 \$73,972,248 at the close of the most recent fiscal year.

By far the largest portion of the City of Corinth's net assets (80 percent) reflects its investment in capital assets (i.e., 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 (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$13,946,085) may be used to meet the City's ongoing obligations to citizens and creditors. The City currently has \$33,141,558 available in cash and investments that may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year the City of Corinth is able to report positive balances in the government-wide as a whole and the business-type activities of net assets while reporting a negative amount in the governmental activities and overall. For the prior year the City reported positive balances in all three categories.

Management's Discussion and Analysis

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 19,099,446	\$ 19,980,506	\$ 18,388,425	\$ 18,938,471	\$ 37,487,871	\$ 38,918,977
Capital assets	55,278,287	55,323,254	20,307,999	19,314,585	75,586,286	74,637,839
Total assets	74,377,733	75,303,760	38,696,424	38,253,056	113,074,157	113,556,816
Long-term liabilities outstanding	20,397,245	21,827,705	15,831,000	16,402,848	36,228,245	38,230,553
Other liabilities	1,473,305	1,342,326	1,400,359	1,016,044	2,873,664	2,358,370
Total liabilities	21,870,550	23,170,031	17,231,359	17,418,892	39,101,909	40,588,923
Net assets:						
Invested in capital assets, net of related debt	43,349,147	43,000,166	15,881,901	15,604,347	59,231,048	58,604,513
Restricted	795,115	3,020,980	-	-	795,115	3,020,980
Unrestricted	8,362,921	6,112,583	5,583,164	5,229,817	13,946,085	11,342,400
Total net assets	\$ 52,507,183	\$ 52,133,729	\$ 21,465,065	\$ 20,834,164	\$ 73,972,248	\$ 72,967,893

Governmental activities. As shown above, governmental activities increased net assets by \$275,906; business-type activities increased net assets by \$630,900. A detailed examination of all the elements effecting net assets can be found in Table II.

TABLE II

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues						
Charges for services	\$ 4,529,037	\$ 3,948,827	\$ 10,859,271	\$ 10,664,758	\$ 15,388,308	\$ 14,613,585
Operating grants and contributions	107,572	271,544	-	-	107,572	271,544
Capital grants and contributions	171,306	725,200	649,055	2,071,941	820,361	2,797,141
General revenues						
Property taxes	8,288,285	7,784,085	-	-	8,288,285	7,784,085
Sales taxes	1,456,065	1,523,963	-	-	1,456,065	1,523,963
Franchise taxes	1,017,734	894,191	-	-	1,017,734	894,191
Other taxes	-	-	-	-	-	-
Investment interest	318,460	740,740	295,606	643,642	614,066	1,384,382
Miscellaneous	95,154	73,884	53,980	11,212	149,134	85,096
Total Revenues	\$ 15,983,613	\$ 15,962,434	\$ 11,857,912	\$ 13,391,553	\$ 27,841,525	\$ 29,353,987
Expenses:						
Public safety	7,956,599	6,891,366	-	-	7,956,599	6,891,366
Lake Cities Fire Department	-	-	-	-	-	-
Community services	2,452,756	1,950,842	-	-	2,452,756	1,950,842
Public works	1,784,753	4,571,006	-	-	1,784,753	4,571,006
Planning and community development	877,117	810,774	-	-	877,117	810,774
City administration	1,340,171	1,425,905	-	-	1,340,171	1,425,905
Finance and administrative services	686,977	702,155	-	-	686,977	702,155
Interest on long-term debt	969,752	894,159	-	-	969,752	894,159
Water and wastewater	-	-	10,356,404	9,959,789	10,356,404	9,959,789
Drainage	-	-	510,190	464,127	510,190	464,127
Total Expenses	\$ 16,068,125	\$ 17,246,207	\$ 10,866,594	\$ 10,423,916	\$ 26,934,719	\$ 27,670,123
Increase (decrease) in net assets before transfers, contributions and special items	(84,512)	(1,283,773)	991,318	2,967,637	906,806	1,683,864
Special Item Outflow	-	(1,742,435)	-	-	-	-
Net transfers	360,418	1,515,701	(360,418)	(1,515,701)	-	-
Increase (decrease) in net assets	275,906	(1,510,507)	630,900	1,451,936	906,806	(58,571)
Net assets - beginning, as restated (see Note I.E.)	52,231,277	53,644,236	-	19,382,228	52,231,277	73,026,464
Net assets - ending	\$ 52,507,183	\$ 52,133,729	\$ 630,900	\$ 20,834,164	\$ 53,138,083	\$ 72,967,893

Management's Discussion and Analysis

City of Corinth's Changes in Net Assets

The City's governmental funds decreased fund balance by \$1,401,752. Net assets, as part of the government-wide reports, are reported on a full-accrual basis. The reconciliation between the overall decrease to governmental fund balances and the \$275,906 net increase to governmental activities 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.

The following are the most significant factors in the reconciliation:

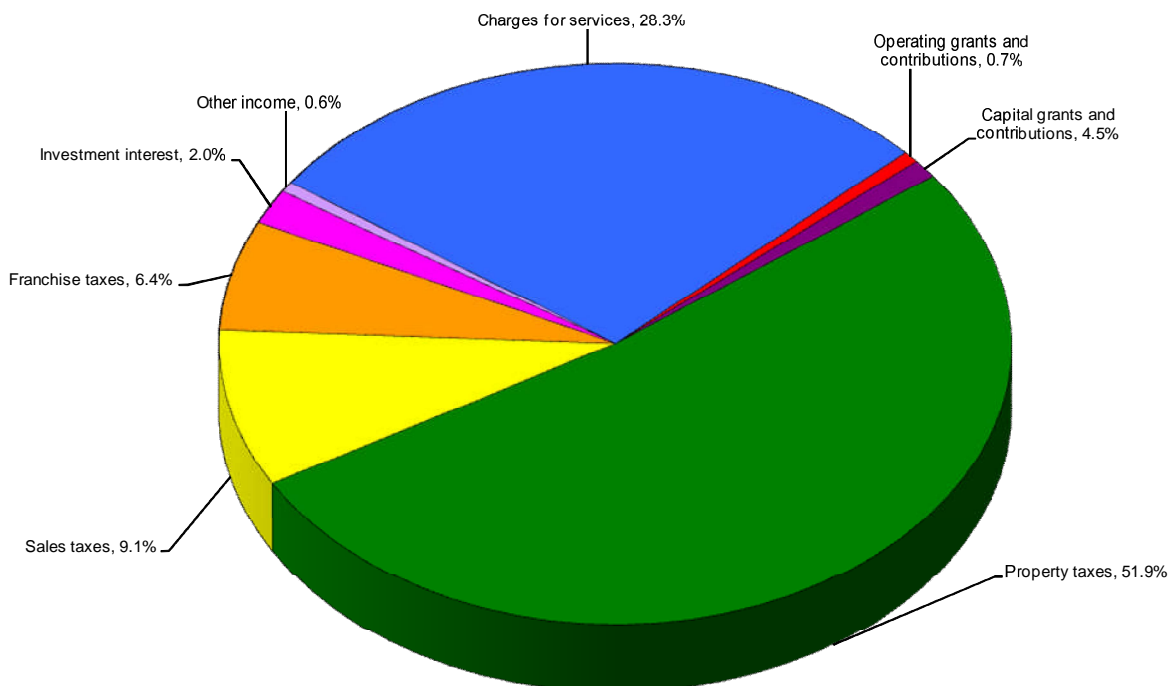
- Depreciation of capital assets is not reported in the funds.
- Donations/developer contributions do not constitute revenue in the funds, but are reported as an increase to net assets.
- Repayment of bond principal is expenditure in the funds but not an expense in the statement of activities.
- Bond 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 34 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 96 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

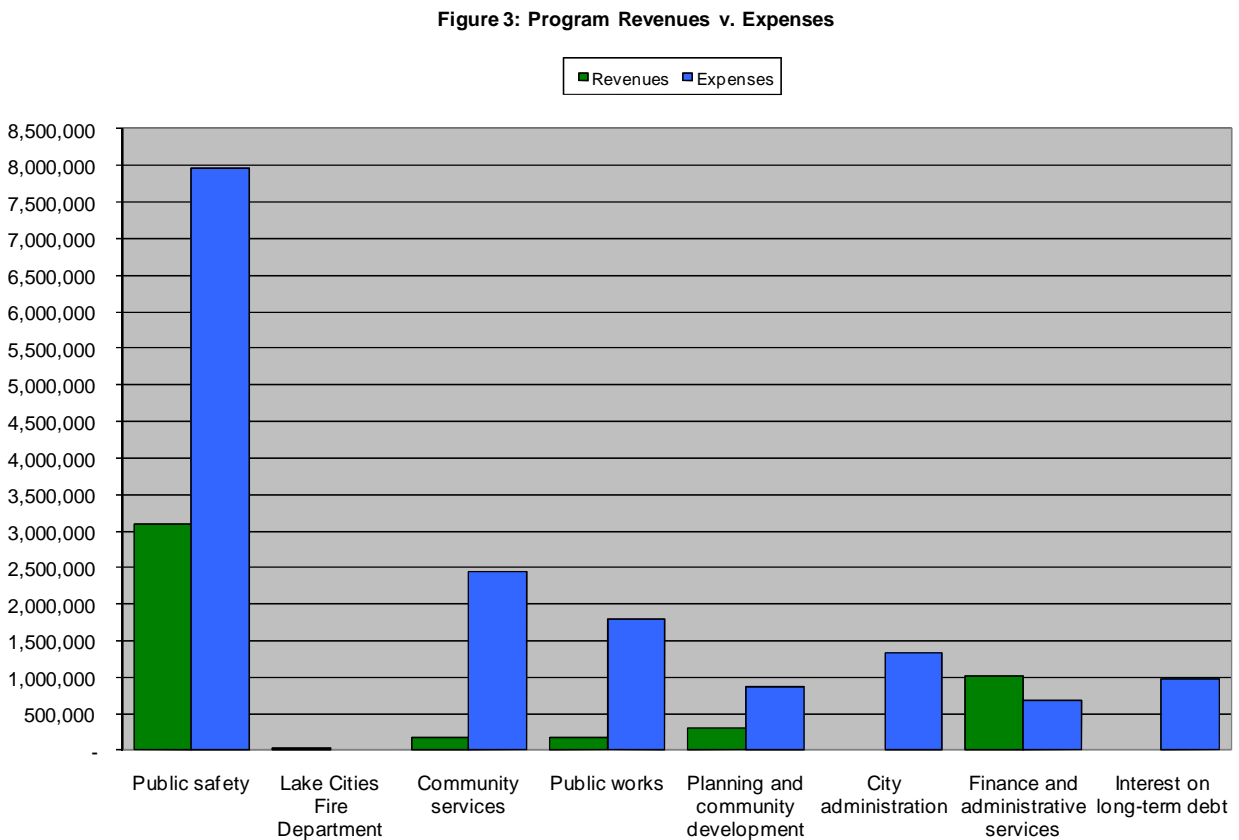


Management's Discussion and Analysis

Expenses and Program Revenues –Governmental Activities

Public safety, community services, public works, and planning and community development account for 81 percent of the expenses for the governmental activities. City administration, finance and administrative services and interest on long-term debt account for the remaining 19 percent of total expenses.

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

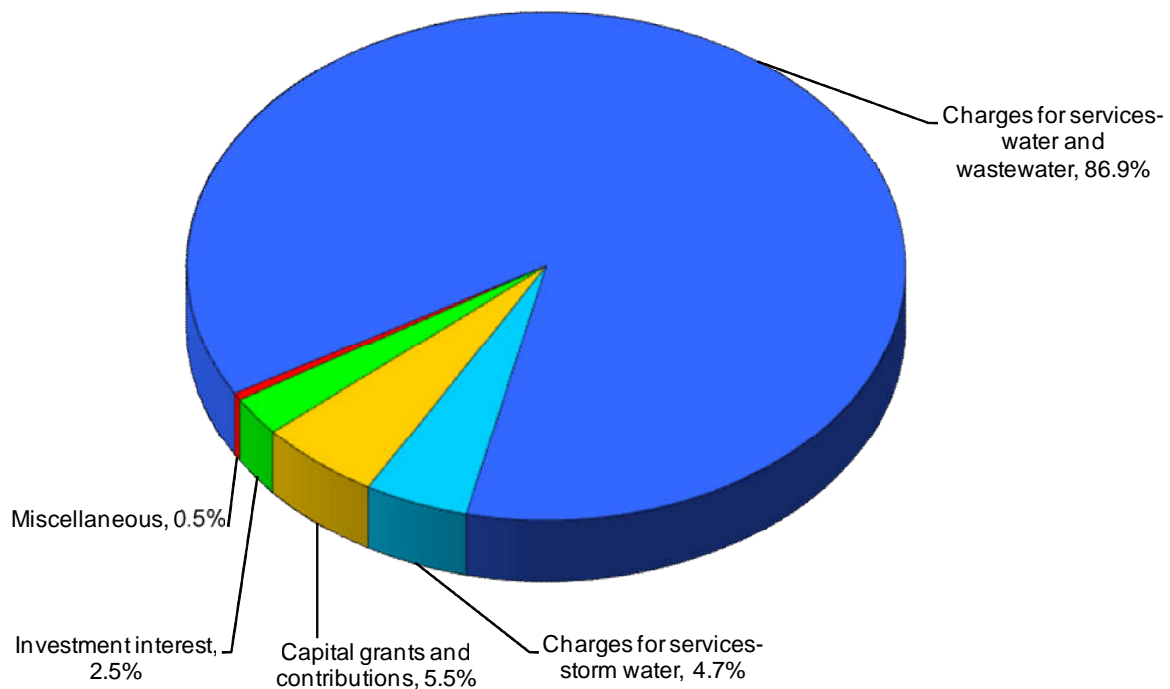


Management's Discussion and Analysis

Revenues by Source – Business-type Activities

Business-type activities increased the City's net assets by \$630,900. Charges for services account for 92 percent of the revenue. Of the \$10,859,271 in charges for service revenue, water and wastewater charges account for \$10,306,400 and storm water utility charges \$552,871. The remaining 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

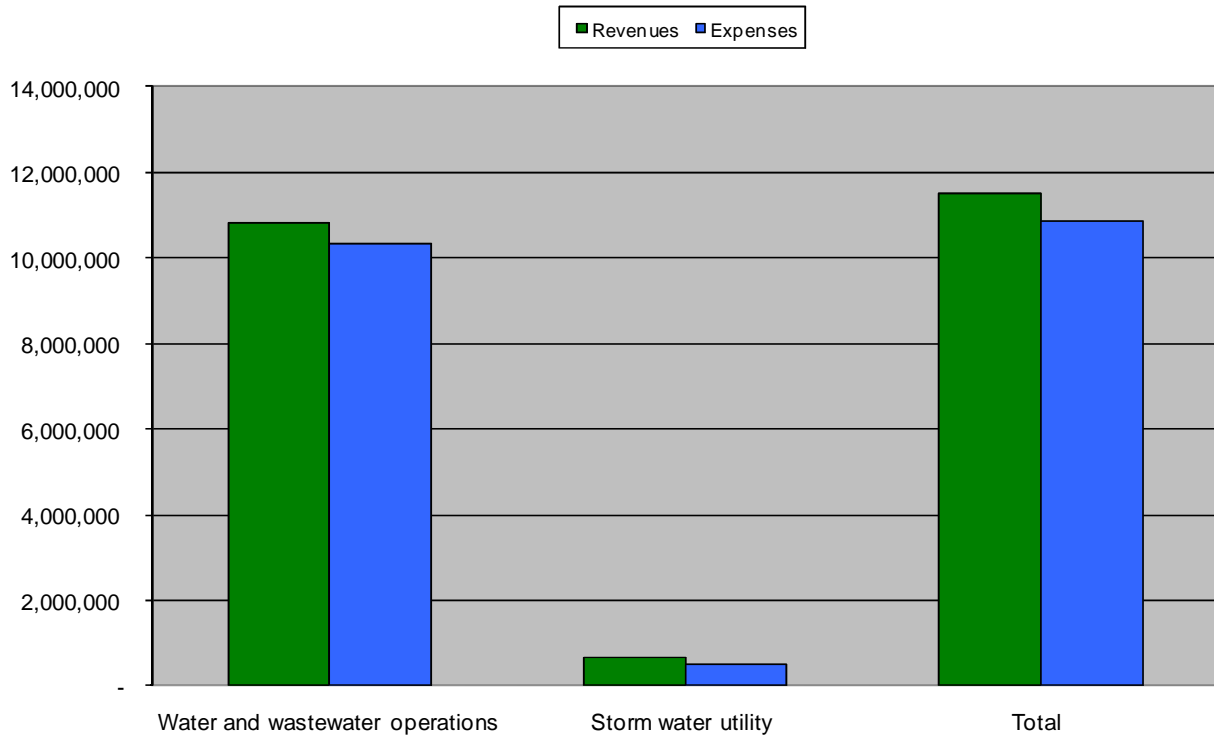


Management's Discussion and Analysis

Expenses and Program Revenues – Business-type Activities

Total revenue from water and wastewater sales and services was \$10,859,271; associated costs of water, wastewater treatment, and operations and maintenance accounted for \$10,356,404 of the total business-type expenses of \$10,866,594. The remaining \$510,190 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$552,871 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 \$16,634,829 a decrease of \$1,401,752 due to:

- a net decrease in the general fund balance of \$352,446
- a net decrease in the debt service fund of \$376,035
- a net decrease in the 2007 streets capital improvement project fund of \$453,291
- A net decrease of (\$219,980) in other governmental funds (including a net increase in special revenue funds of \$389,343 and a decrease in capital projects funds of (\$609,323))

Of the combined total governmental fund balances of \$16,634,829, \$4,337,600 (26 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, \$1,906,543
- to pay debt service in future periods, \$754,084
- reserved for prepaid items, \$6,645
- amount represented by inventories, \$97,337

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 \$4,337,600 while total fund balance reached \$4,441,582. 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 fund expenditures for the fiscal year. Unreserved fund balance represents 33 percent of total general fund expenditures, while total fund balance represents 34 percent of that same amount.

This year, in the general fund, revenues were less than expected by a total of \$603,737. Franchise taxes were over budget by \$63,077. The City collects franchise fees from electric and gas utility sales. Sales tax and fees & permits continue to be the greatest areas of concern with \$178,784 and \$77,718, respectively, lower than anticipated budgeted amounts being collected. The recession and slowing housing market continue to impact these areas. Fines and forfeitures were above budget by \$23,874. Interest income was also less than budgeted by \$118,345. The City budgeted for no growth in fiscal year 2009. While revenues were under budget; expenditures were also under budget by \$689,392. The net effect, however, at year end, was an excess of \$82,440 of expenditures over revenues in the general fund.

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

- Actual revenues were less than budget by \$603,737 mostly due to the current downturn in the economy on all fronts.

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 \$754,084, all of which is reserved for the payment of debt service. The City budgeted a draw-down of excess fund balance of (\$467,429) as well as, shifted 1.5 cents of the allocated property tax rate to the operations and maintenance budget; however, the

Management's Discussion and Analysis

actual drawdown was (\$376,035) which was the result of higher debt service payments in the second year than was anticipated before the debt was issued.

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 include special revenue funds - Street Maintenance Sales Tax, Roadway Impact Fees, Crime Control & Prevention, Special Revenue, Elm Fork Trails Grant, and Hotel-Motel Tax, funds. Nonmajor capital projects funds include - Capital Projects, Vehicle Replacement, 2004 Tax Note, and All Department CIP 2007 funds. Each of these funds is used to account for revenues and expenditures related to specific purposes.

- The Street Maintenance Sales Tax fund accounts for the collection of a special sales tax of \$.0025. Sales tax collections were less than budgeted by \$43,891 and interest earnings were less than budgeted by \$1,529. Expenditures were less than budgeted by \$680,277.
- 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 for 2009 were \$114,719 with an additional \$13,736 of interest earnings for a total fund balance of \$695,778, no expenditures have been made from this account.
- The Corinth Crime Control and Prevention District is a special sales tax of \$.0025 levied for crime control and prevention within the City. Sales tax collections were \$10,621 less than budgeted and expenditures were \$73,155 less than budgeted which, combined, increased fund balance by \$30,281.
- The Special Revenue fund saw a decrease of fund balance by \$13,207.

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 \$34,057,454 exceeded liabilities of \$15,417,887, reporting net assets of \$18,639,567. Total net assets decreased \$360,585 during fiscal year 2009, the following highlights the most significant factors in the decrease:

- Operating Income of \$624,410 resulted from an increase in most revenue types. Operating Expenses also increased in significant areas, such as Water Purchases, Salary and Wages, and Depreciation.

Net non-operating revenues and expenses were (\$366,799), 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. The largest portion of the non-operating expenses was \$674,414 of interest expenses.

- Total capital contributions and transfers were (\$618,196). Water and wastewater impact fees totaled \$202,551. Transfers in from the general fund and the storm water fund were \$10,805 for administrative fees for management functions associated with general fund activities; the storm water utility fund transferred \$461 for the same administrative support.

Unrestricted net assets for the water and wastewater fund decreased from \$4,607,283 for fiscal year 2008 to \$4,118,946 for fiscal year 2009.

Storm Water Utility Fund. Storm water utility fund assets of \$4,684,199 exceeded liabilities of \$1,858,701, leaving total net assets of \$2,825,498. Total net assets increased \$991,486, while unrestricted net assets increased from \$622,534 to \$1,464,218.

Management's Discussion and Analysis

- The storm water utility reported operating income of \$158,221 in fiscal year 2009.
- Net non-operating revenues and expenses were (\$73,569) which includes \$30,000 in interest income. Developer contributions to the storm drainage infrastructure totaled \$129,137.

General Fund Budgetary Highlights

Analysis of significant budget variances

Fees and permits fell \$77,818 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 increased for the year by \$23,074.

Overall, expenditures in the General Fund were less than budgeted by \$689,392 due to offsetting departmental budgeted variances and city-wide vacancy savings. With the economic slowdown, divisions were encouraged to conserve resources.

Most funds were impacted this year due to the recession and downturn in the economy, most governmental funds experienced a reduction in fund balance. However, this was anticipated and fund balance was set aside during the budget process to ongoing activities so that services were not reduced.

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, 2009, amounts to \$75,586,286 (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, 2009.

TABLE III
CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-Type Activities		TOTAL	
	2009	2008	2009	2008	2009	2008
Land	\$ 600,534	\$ 467,517	\$ 408,366	\$ 357,034	\$ 1,008,900	\$ 534,540
CIP	1,200,553	548,594	1,570,779	873,441	2,771,332	5,404,983
Buildings	4,866,575	5,036,088	129,412	136,781	4,995,987	87,526,915
Machinery and equipment	2,376,004	2,236,668	311,376	205,298	2,687,380	275,282
Infrastructure	46,234,621	47,034,387	17,888,066	17,742,031	64,122,687	11,697,007
Total capital assets	\$ 55,278,287	\$ 55,323,254	\$ 20,307,999	\$ 19,314,585	\$ 75,586,286	\$ 105,438,727

Readers desiring more detailed information on capital asset activity should see note III.C. in the Notes to Basic Financial Statements on page 47.

Long-term debt. At the end of the current fiscal year, The City had total bonded debt outstanding of \$34,955,000 consisting of General Obligation Bonds and Certificates of Obligation. The City issued no additional debt in 2009. All debt payments were made when due. Outstanding debt decreased in fiscal year 2009 by \$2,025,000. (see Note III.F.)

TABLE IV
OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-Type Activities		TOTAL	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 10,978,150	\$ 11,791,500	\$ 2,176,850	\$ 2,413,500	\$ 13,155,000	\$ 14,205,000
Certificates of Obligation and Tax Notes	8,473,000	9,154,333	13,327,000	13,620,667	21,800,000	22,775,000
Total outstanding debt	\$ 19,451,150	\$ 20,945,833	\$ 15,503,850	\$ 16,034,167	\$ 34,955,000	\$ 36,980,000

Management's Discussion and Analysis

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.F.)

Economic Factors and Next Year's Budgets and Rates

The City of Corinth continued to experience a decrease in fees and permits for developers and new construction in fiscal year 2009. The slowdown in the housing market was evident in the decrease in the property tax base. Net taxable values declined 1.67 percent.

The City's population growth has been slow but steady for the past few years; estimates increased from 18,550 in 2006 to 19,450 in 2007 and 19,650 in 2008. Denton County's unemployment rate at September 30, 2009 was 4.9 percent, up from 4.8 percent in September, 2008.

All of these factors were considered in preparing the City's budget for the 2010 fiscal year. The operating budget for the 2009 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. The budget issues associated with rising demand and scarce resources to maintain services levels for police, fire, streets, parks and other programs were numerous and complex. Departments were asked to limit their requests for funds and to absorb increased demands for service with reduced staffing and support. Additionally, all departments were requested to reduce their operational expenses by 6% and several benefits, such as health insurances, holiday pay, and overtime, were redeveloped to provide additional savings. The City of Corinth adopted a balanced budget for fiscal year 2010.

The 2008-09 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 a tax rate of \$.57698 for fiscal year 2010. General operations and maintenance will receive \$.43852 of the total and the remaining \$.13846 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, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Cash</i>	\$ 1,204,564	\$ 577,886	\$ 1,782,450	\$ 186,918
<i>Investments</i>	15,322,840	16,036,268	31,359,108	1,938,547
<i>Receivables (net of allowances for uncollectibles):</i>	2,231,123	1,367,999	3,599,122	103,064
<i>Special assessments</i>	31,803	--	31,803	--
<i>Internal balances</i>	45,229	(45,229)	--	--
<i>Inventories</i>	97,337	333,620	430,957	--
<i>Prepaid items</i>	6,645	--	6,645	--
Restricted Assets:				
<i>Cash and cash equivalents</i>	--	4,000	4,000	--
<i>Deferred charges</i>	159,905	113,881	273,786	--
Capital assets not being depreciated:				
<i>Land</i>	600,534	408,366	1,008,900	--
<i>Construction in progress</i>	1,200,553	1,570,779	2,771,332	--
Capital assets (net of accumulated depreciation):				
<i>Buildings</i>	4,866,575	129,412	4,995,987	--
<i>Machinery and equipment</i>	2,376,004	311,376	2,687,380	--
<i>Infrastructure</i>	46,234,621	17,888,066	64,122,687	--
Total Assets	<u>74,377,733</u>	<u>38,696,424</u>	<u>113,074,157</u>	<u>2,228,529</u>
LIABILITIES:				
<i>Accounts payable</i>	131,652	737,240	868,892	8,552
<i>Accrued liabilities</i>	299,924	109,095	409,019	11,428
<i>Accrued interest payable</i>	109,173	93,136	202,309	--
<i>Municipal court bonds</i>	13,737	--	13,737	--
<i>Customer meter deposits</i>	--	455,320	455,320	--
<i>Other liabilities</i>	918,819	5,568	924,387	--
Noncurrent Liabilities:				
<i>Due within one year</i>	2,298,972	729,315	3,028,287	--
<i>Due in more than one year</i>	18,098,273	15,101,685	33,199,958	--
Total Liabilities	<u>21,870,550</u>	<u>17,231,359</u>	<u>39,101,909</u>	<u>19,980</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	43,349,147	15,881,901	59,231,048	--
Restricted For:				
Debt Service	775,800	--	775,800	--
Capital Projects	19,315	--	19,315	--
Unrestricted	8,362,921	5,583,164	13,946,085	2,208,549
Total Net Assets	<u>\$ 52,507,183</u>	<u>\$ 21,465,065</u>	<u>\$ 73,972,248</u>	<u>\$ 2,208,549</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
<i>Public safety</i>	\$ 7,956,599	\$ 3,028,462	\$ 64,675	\$ --
<i>Lake Cities Fire Department</i>	--	--	37,101	--
<i>Community services</i>	2,452,756	178,695	5,796	--
<i>Public works</i>	1,784,753	--	--	171,306
<i>Planning and community development</i>	877,117	297,861	--	--
<i>City Administration</i>	1,340,171	--	--	--
<i>Finance and administrative services</i>	686,977	1,024,019	--	--
<i>Interest on long-term debt</i>	969,752	--	--	--
Total Governmental Activities	<u>16,068,125</u>	<u>4,529,037</u>	<u>107,572</u>	<u>171,306</u>
Business-type Activities:				
Water and Wastewater	10,356,404	10,306,400	--	519,918
Storm Water Utility	510,190	552,871	--	129,137
Total Business-type Activities	<u>10,866,594</u>	<u>10,859,271</u>	<u>--</u>	<u>649,055</u>
Total Primary Government	<u>\$ 26,934,719</u>	<u>\$ 15,388,308</u>	<u>\$ 107,572</u>	<u>\$ 820,361</u>
COMPONENT UNIT:				
Corinth Economic Development 4(B) Sales Tax	<u>\$ 242,378</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 481,305</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
 Prior Period Adjustment
 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
\$ (4,863,462)		\$ (4,863,462)	
37,101		37,101	
(2,268,265)		(2,268,265)	
(1,613,447)		(1,613,447)	
(579,256)		(579,256)	
(1,340,171)		(1,340,171)	
337,042		337,042	
(969,752)		(969,752)	
<u>(11,260,210)</u>		<u>(11,260,210)</u>	
--	\$ 469,914	469,914	
--	171,818	171,818	
--	641,732	641,732	
<u>(11,260,210)</u>	<u>641,732</u>	<u>(10,618,478)</u>	
			<u>\$ 238,927</u>
8,288,285	--	8,288,285	--
1,456,065	--	1,456,065	486,198
1,017,734	--	1,017,734	--
88,538	42,232	130,770	--
318,460	295,606	614,066	38,836
6,616	11,748	18,364	--
360,418	(360,418)	--	--
<u>11,536,116</u>	<u>(10,832)</u>	<u>11,525,284</u>	<u>525,034</u>
275,906	630,900	906,806	763,961
52,182,183	20,834,165	73,016,348	1,444,588
49,094	--	49,094	--
<u>\$ 52,507,183</u>	<u>\$ 21,465,065</u>	<u>\$ 73,972,248</u>	<u>\$ 2,208,549</u>

CITY OF CORINTH, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	General Fund	Debt Service Fund
ASSETS	<u> </u>	<u> </u>
<i>Cash</i>	\$ 214,084	\$ 23,328
<i>Investments</i>	4,526,054	720,020
Receivables (net of allowances for uncollectibles):		
<i>Property taxes</i>	88,983	29,296
<i>Sales taxes</i>	183,268	--
<i>Accounts</i>	62,718	--
<i>Interest</i>	38,696	3,156
<i>Warrants</i>	1,306,024	--
<i>Ambulance</i>	93,995	--
<i>Miscellaneous</i>	202,310	--
<i>Due from other governments</i>	43,299	--
<i>Special assessments</i>	--	--
<i>Due from other funds</i>	--	--
<i>Inventories</i>	97,337	--
<i>Prepaid items</i>	6,645	--
	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,863,413</u>	<u>\$ 775,800</u>
LIABILITIES:		
<i>Accounts payable</i>	\$ 68,135	\$ --
<i>Accrued liabilities</i>	290,428	--
<i>Municipal court bonds</i>	13,737	--
<i>Due to other funds</i>	300,239	--
<i>Other liabilities</i>	918,819	--
<i>Deferred revenue</i>	830,473	21,716
	<u> </u>	<u> </u>
Total Liabilities	<u>2,421,831</u>	<u>21,716</u>
Fund Balances:		
Reserved Fund Balances		
<i>Reserved for inventories</i>	97,337	--
<i>Reserved for prepaid items</i>	6,645	--
<i>Reserved for encumbrances</i>	--	--
<i>Reserved for debt service</i>	--	754,084
Unreserved, reported in:		
<i>General Fund</i>	4,337,600	--
<i>Special Revenue Funds</i>	--	--
<i>Capital Projects Funds</i>	--	--
Total Fund Balances	<u>4,441,582</u>	<u>754,084</u>
	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 6,863,413</u>	<u>\$ 775,800</u>

The accompanying notes are an integral part of this statement.

<u>2007 CIP Streets</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 155,690	\$ 811,461	\$ 1,204,563
8,241,061	1,835,705	15,322,840
--	--	118,279
--	92,224	275,492
--	--	62,718
7,427	2,360	51,639
--	--	1,306,024
--	--	93,995
--	77,367	279,677
--	--	43,299
--	31,803	31,803
--	345,468	345,468
--	--	97,337
--	--	6,645
<u>\$ 8,404,178</u>	<u>\$ 3,196,388</u>	<u>\$ 19,239,779</u>
\$ 47,611	\$ 15,906	\$ 131,652
--	9,496	299,924
--	--	13,737
--	--	300,239
--	--	918,819
--	88,390	940,579
<u>47,611</u>	<u>113,792</u>	<u>2,604,950</u>
--	--	97,337
--	--	6,645
1,892,472	14,071	1,906,543
--	--	754,084
--	--	4,337,600
--	1,862,162	1,862,162
6,464,095	1,206,363	7,670,458
<u>8,356,567</u>	<u>3,082,596</u>	<u>16,634,829</u>
<u>\$ 8,404,178</u>	<u>\$ 3,196,388</u>	<u>\$ 19,239,779</u>

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CITY OF CORINTH, TEXAS

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009*

Total fund balances - governmental funds balance sheet	\$ 16,634,829
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.	55,278,287
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	299,625
Payables for bond principal which are not due in the current period are not reported in the funds.	(19,570,066)
Payables for capital leases which are not due in the current period are not reported in the funds.	(23,315)
Payables for bond interest which are not due in the current period are not reported in the funds.	(109,172)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(803,864)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	159,905
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	609,151
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	<u>31,803</u>
Net assets of governmental activities - statement of net assets	<u>\$ 52,507,183</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, 2009

	General Fund	Debt Service Fund
	<u> </u>	<u> </u>
Revenue:		
Taxes:		
<i>Property</i>	\$ 6,307,851	\$ 1,989,725
<i>Franchise</i>	1,017,734	--
<i>Sales</i>	978,930	--
<i>Fees and permits</i>	283,232	--
<i>Fines and forfeitures</i>	680,502	--
<i>Charges for services</i>	3,256,122	--
<i>Interest income</i>	166,655	27,854
<i>Park donations</i>	2	--
<i>Roadway impact fees</i>	--	--
<i>Intergovernmental</i>	97,101	--
<i>Miscellaneous income</i>	84,278	--
Total revenues	<u>12,872,407</u>	<u>2,017,579</u>
Expenditures:		
Current:		
<i>Public safety</i>	7,541,771	--
<i>Community services</i>	1,820,042	--
<i>Public works</i>	897,152	--
<i>Planning and community development</i>	793,200	--
<i>City Administration</i>	1,498,948	--
<i>Finance and administrative services</i>	685,409	--
<i>Capital Outlay</i>	--	--
Debt Service:		
<i>Principal</i>	--	1,494,683
<i>Interest</i>	--	910,577
<i>Paying agent fees</i>	--	5,300
<i>Bond issuance costs</i>	--	1,107
Total Expenditures	<u>13,236,522</u>	<u>2,411,667</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(364,115)</u>	<u>(394,088)</u>
Other Financing Sources (Uses):		
<i>Transfers in</i>	100,000	18,053
<i>Transfers out</i>	(93,765)	--
<i>Sale of Capital Assets</i>	5,434	--
Total Other Financing Sources (Uses)	<u>11,669</u>	<u>18,053</u>
Net Change in Fund Balances	(352,446)	(376,035)
Fund Balances - Beginning	4,744,934	1,130,119
Prior Period Adjustment	<u>49,094</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 4,441,582</u>	<u>\$ 754,084</u>

The accompanying notes are an integral part of this statement.

2007 CIP Streets	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 8,297,576
--	--	1,017,734
--	477,135	1,456,065
--	--	283,232
--	20,355	700,857
--	--	3,256,122
96,280	27,630	318,419
--	10,469	10,471
--	114,719	114,719
--	--	97,101
--	4,787	89,065
<u>96,280</u>	<u>655,095</u>	<u>15,641,361</u>
--	198,768	7,740,539
--	489,766	2,309,808
--	32,272	929,424
--	61,955	855,155
--	--	1,498,948
--	--	685,409
777,664	196,285	973,949
--	--	1,494,683
--	--	910,577
3,453	613	9,366
--	--	1,107
<u>781,117</u>	<u>979,659</u>	<u>17,408,965</u>
(684,837)	(324,564)	(1,767,604)
231,546	164,970	514,569
--	(60,386)	(154,151)
--	--	5,434
<u>231,546</u>	<u>104,584</u>	<u>365,852</u>
(453,291)	(219,980)	(1,401,752)
8,809,858	3,302,576	17,987,487
--	--	49,094
<u>\$ 8,356,567</u>	<u>\$ 3,082,596</u>	<u>\$ 16,634,829</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, 2009

Net change in fund balances - total governmental funds	\$ (1,401,752)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,517,192
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,561,977)
The gain or loss on the sale of capital assets is not reported in the funds.	(182)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	61,537
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,494,683
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	22,353
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(12,892)
(Increase) decrease in accrued interest from beginning of period to end of period.	(39,878)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(77,667)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	272,005
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	1,787
Certain assessment revenues are deferred in the funds. This is the change in these amounts this year.	697
	<hr/>
Change in net assets of governmental activities - statement of activities	\$ <u>275,906</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS

STATEMENT OF NET ASSETS

ENTERPRISE FUNDS

SEPTEMBER 30, 2009

	Enterprise Fund	Enterprise Fund	Total Enterprise Funds
	Water and Wastewater	Storm Water Utility	
ASSETS:			
Current Assets:			
Cash	\$ 372,595	\$ 205,291	\$ 577,886
Investments	13,521,940	2,514,328	16,036,268
Receivables (net of allowances for uncollectibles):			
Accounts	1,286,312	38,791	1,325,103
Interest	33,283	859	34,142
Miscellaneous	8,754	--	8,754
Inventories	332,529	1,091	333,620
Restricted Assets:			
Cash and cash equivalents	4,000	--	4,000
Total Current Assets	<u>15,559,413</u>	<u>2,760,360</u>	<u>18,319,773</u>
Noncurrent Assets:			
Deferred charges	103,331	10,550	113,881
Capital Assets:			
Land	408,366	--	408,366
Construction in Progress	1,171,306	399,473	1,570,779
Buildings	229,633	--	229,633
Machinery and Equipment	891,108	266,632	1,157,740
Infrastructure	22,437,809	1,532,134	23,969,943
Less Accumulated Depreciation	<u>(6,743,512)</u>	<u>(284,950)</u>	<u>(7,028,462)</u>
Total Capital Assets (net of accumulated depreciation)	<u>18,394,710</u>	<u>1,913,289</u>	<u>20,307,999</u>
Total Noncurrent Assets	<u>18,498,041</u>	<u>1,923,839</u>	<u>20,421,880</u>
Total Assets	<u>34,057,454</u>	<u>4,684,199</u>	<u>38,741,653</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	535,772	201,468	737,240
Accrued liabilities	97,555	11,540	109,095
Accrued interest payable	77,643	15,493	93,136
Due to other funds	45,229	--	45,229
Customer meter deposits	455,320	--	455,320
Compensated absences	71,782	2,855	74,637
Other current liabilities	5,568	--	5,568
Current portion of certificates of obligation	--	57,002	57,002
Current portion of capital lease obligations	--	23,314	23,314
Current portion of general obligation bonds	569,300	--	569,300
Total Current Liabilities	<u>1,858,169</u>	<u>311,672</u>	<u>2,169,841</u>
Noncurrent Liabilities:			
Certificates of obligation	11,441,000	1,547,029	12,988,029
General obligation bonds	2,118,718	--	2,118,718
Total Noncurrent Liabilities	<u>13,559,718</u>	<u>1,547,029</u>	<u>15,106,747</u>
Total Liabilities	<u>15,417,887</u>	<u>1,858,701</u>	<u>17,276,588</u>
NET ASSETS:			
Investment in capital assets, net of related debt	14,520,621	1,361,280	15,881,901
Unrestricted Net Assets	<u>4,118,946</u>	<u>1,464,218</u>	<u>5,583,164</u>
Total Net Assets	<u>\$ 18,639,567</u>	<u>\$ 2,825,498</u>	<u>\$ 21,465,065</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXASSTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Enterprise Fund	Enterprise Fund	Total Enterprise Funds
	Water and Wastewater	Storm Water Utility	
OPERATING REVENUES:			
<i>Water sales</i>	\$ 5,270,760	\$ --	\$ 5,270,760
<i>Sewer disposal</i>	3,865,641	--	3,865,641
<i>Storm drainage fees</i>	--	552,872	552,872
<i>Garbage</i>	895,672	--	895,672
<i>Penalties and reconnect fees</i>	186,619	--	186,619
<i>Tap and service fees</i>	87,520	--	87,520
<i>Inspections</i>	188	--	188
Total Operating Revenues	<u>10,306,400</u>	<u>552,872</u>	<u>10,859,272</u>
OPERATING EXPENSES:			
<i>Amortization</i>	6,956	621	7,577
<i>General government (administrative)</i>	460,829	--	460,829
<i>Infrastructure maintenance</i>	793,288	--	793,288
<i>Water purchases</i>	3,170,057	--	3,170,057
<i>Sewer treatment fees</i>	992,628	--	992,628
<i>Garbage contract fees</i>	876,880	--	876,880
<i>Salaries and benefits</i>	1,346,834	131,160	1,477,994
<i>Maintenance and supplies</i>	696,585	69,085	765,670
<i>Administration</i>	526,813	89,672	616,485
<i>Depreciation</i>	811,120	88,623	899,743
<i>Other</i>	--	15,490	15,490
Total Operating Expenses	<u>9,681,990</u>	<u>394,651</u>	<u>10,076,641</u>
Operating Income	<u>624,410</u>	<u>158,221</u>	<u>782,631</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest income</i>	265,605	30,000	295,605
<i>Miscellaneous income</i>	32,274	9,958	42,232
<i>Gain (loss) on sale of capital assets</i>	9,736	2,012	11,748
<i>Interest expense</i>	(674,414)	(115,539)	(789,953)
Total Non-operating Revenues (Expenses)	<u>(366,799)</u>	<u>(73,569)</u>	<u>(440,368)</u>
Income Before Contributions and Transfers	<u>257,611</u>	<u>84,652</u>	<u>342,263</u>
Contributions and Transfers			
<i>Special assessment - water and sewer impact fees</i>	202,551	--	202,551
<i>Contributions</i>	317,367	129,137	446,504
<i>Transfers in</i>	10,805	778,157	788,962
<i>Transfers out</i>	(1,148,919)	(461)	(1,149,380)
Total Contributions and Transfers	<u>(618,196)</u>	<u>906,833</u>	<u>288,637</u>
Change in Net Assets	<u>(360,585)</u>	<u>991,485</u>	<u>630,900</u>
Total Net Assets - Beginning	<u>19,000,152</u>	<u>1,834,013</u>	<u>20,834,165</u>
Total Net Assets - Ending	<u>\$ 18,639,567</u>	<u>\$ 2,825,498</u>	<u>\$ 21,465,065</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, 2009

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Storm Water Utility	Totals
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ 10,370,407	\$ 547,444	\$ 10,917,851
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(7,536,080)	(29,734)	(7,565,814)
<i>Cash Payments to Employees for Services</i>	(1,338,496)	(129,204)	(1,467,700)
Net Cash Provided (Used) by Operating Activities	<u>1,495,831</u>	<u>388,506</u>	<u>1,884,337</u>
Cash Flows from Non-capital Financing Activities:			
<i>Transfers From (To) Other Funds</i>	(1,165,004)	1,009,807	(155,197)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,165,004)</u>	<u>1,009,807</u>	<u>(155,197)</u>
Cash Flows from Capital and Related Financing Activities:			
<i>Principal and Interest Paid</i>	(1,125,630)	(182,783)	(1,308,413)
<i>Acquisition or Construction of Capital Assets</i>	(713,173)	(530,929)	(1,244,102)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,838,803)</u>	<u>(713,712)</u>	<u>(2,552,515)</u>
Cash Flows from Investing Activities:			
<i>Sell Investments</i>	687,792	--	687,792
<i>Interest and Dividends on Investments</i>	359,014	35,615	394,629
Net Cash Provided (Used) for Investing Activities	<u>1,046,806</u>	<u>35,615</u>	<u>1,082,421</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(461,170)	720,216	259,046
Cash and Cash Equivalents at Beginning of Year	14,359,705	1,999,403	16,359,108
Cash and Cash Equivalents at End of Year	<u>\$ 13,898,535</u>	<u>\$ 2,719,619</u>	<u>\$ 16,618,154</u>
Summary of Cash and Cash Equivalents			
Cash	\$ 376,595	\$ 205,291	\$ 581,886
Investments	13,521,940	2,514,328	16,036,268
	<u>\$ 13,898,535</u>	<u>\$ 2,719,619</u>	<u>\$ 16,618,154</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating Income (Loss)	\$ 624,410	\$ 158,221	\$ 782,631
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
<i>Depreciation and amortization</i>	811,120	88,623	899,743
<i>Miscellaneous Income</i>	42,010	11,970	53,980
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	(7,553)	(17,398)	(24,951)
<i>Decrease (Increase) in Inventories</i>	(165,561)	(11)	(165,572)
<i>Increase (Decrease) in Accounts Payable</i>	148,321	139,710	288,031
<i>Increase (Decrease) in Accrued Expenses</i>	6,032	5,688	11,720
<i>Increase (Decrease) in Accrued Wages Payable</i>	--	--	--
<i>Increase (Decrease) in Customer Deposits</i>	29,550	--	29,550
<i>Increase (Decrease) in Compensated Absences</i>	7,502	1,703	9,205
Total Adjustments	<u>871,421</u>	<u>230,285</u>	<u>1,101,706</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,495,831</u>	<u>\$ 388,506</u>	<u>\$ 1,884,337</u>
Noncash Investing, Capital, and Financing Activities:			
<i>Developer contributions and special assessments</i>	\$ 519,918	\$ 129,137	\$ 649,055
	<u>\$ 519,918</u>	<u>\$ 129,137</u>	<u>\$ 649,055</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009

	Agency Funds
ASSETS:	
<i>Cash</i>	\$ <u>122,685</u>
Total Assets	\$ <u><u>122,685</u></u>
LIABILITIES:	
<i>Accrued liabilities</i>	\$ 108,685
<i>Other liabilities</i>	<u>14,000</u>
Total Liabilities	\$ <u><u>122,685</u></u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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 is 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.E. 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.

CCD and the CEDC 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.

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

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
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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.

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 funds:

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.

Storm Drainage Utility Fund – The Storm Drainage Utility Fund is used to protect the public health and safety from damage caused by surface water overflows, and surface water stagnation and pollution within the city.

Additionally, the City reports the following fund types:

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

- 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 previously. All revenues and expenditures related to the \$.0025 sales tax are recorded in this fund.
- The Special Revenue fund accounts for revenues that are used to account for acquisition purpose, i.e., park donations, Keep Corinth Beautiful donations and other designated revenues and related expenditures.
- The Elm Fork Trails Grant Fund was established to account for the receipt and use of funds from the Texas Parks & Wildlife Department grant for the Corinth Elm Fork Trail.
- Hotel-Motel Tax fund accounts for hotel-motel tax collected and used to enhance and promote tourism.

Six nonmajor capital projects funds; capital project funds are used to account for acquisition and construction of

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major capital facilities (other than those accounted for within the City's proprietary funds) and vehicle replacement funds. Capital projects are funded primarily through certificates of obligation.

- The Capital Projects fund is used to account for funds and expenditures for all capital projects not specifically identified and not in the proprietary or trust funds.
- The Vehicle Replacement Fund is used to account for funds and expenditures related to future vehicle replacements.
- The Parks CIP 2008 Fund was established to account for funding and expenses related to the construction of a new recreation facility.
- The 2004 Tax Note was established to account for remaining bond funds from the 2004 issuance.
- The 2009 Streets CIP Fund accounts for a reimbursement resolution related to the acquisition of land in 2008 which will be reimbursed by a future debt issue.
- The All Department CIP 2007 was established to account for funds and expenditures for all capital projects related to streets and technology from the 2007 bond sale.

Two agency funds, agency funds are used to account for funds that are held by the City in a fiduciary responsibility, but are not included in municipal reporting because the City does not control the funds.

- The Insurance Fund contains funds held in escrow for liabilities related to the Texas Municipal League Intergovernmental Risk Pool for liability, property and worker's compensation coverage.
- The Sidewalk Escrow Fund contains funds held in escrow for a specific sidewalk project. When the developer completes the project, the funds will be refunded. If the project is not completed according to the contracted agreement or in the time allowed, the funds will be forfeited to the City and applied to the construction of the specified sidewalk.

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
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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 statement of net assets 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.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
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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.

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.

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 revenue 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.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
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Encumbrance accounting is employed by governmental funds. Encumbrances (i.e., contracts, purchase 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 depositories to be FDIC-insured institutions; depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Deposits - At September 30, 2009, the City's carrying amount of demand deposits was \$2,096,053, including \$4,000 restricted, while the bank balance was \$2,462,217.

The City's depository had pledged securities with a fair value of \$3,000,000.

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. The City's investments were as follows on September 30, 2009:

	Carrying Amount	Fair Value	WAM	Rating (S&P)
TexStar	\$ 6,894,825	\$ 6,894,825	<60 days	AAA
TexPool	6,270,896	6,270,896	<60 days	AAA
US Federal Agency Securities	18,193,387	18,314,472		
	<u>31,359,108</u>	<u>31,480,193</u>		

Corinth Economic Development Corp. 4(B)

TexPool	396,787	396,787	<60 days	AAA
US Federal Agency Securities	1,541,760	1,560,571		AAA
	<u>1,938,547</u>	<u>1,957,358</u>		
Total	<u>\$ 33,297,655</u>	<u>\$ 33,437,551</u>		

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 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.

CITY OF CORINTH
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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.

The City's investment policy requires diversification of investments according to the following guidelines:

Investment	Maximum % of Portfolio
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 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 of the government's individual major and non-major funds, including the applicable allowances for uncollectible accounts, were as follows as of September 30, 2009:

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	General Fund	Debt Service Fund	2007 CIP Streets	Nonmajor Governmental Funds	Water & Wastewater Fund	Storm Drainage Utility	Total
Taxes							
Property	\$ 88,983	\$ 29,296	\$ -	\$ -	\$ -	\$ -	\$ 118,279
Sales	183,268	-	-	92,224	-	-	275,492
Accounts	62,718	-	-	-	1,466,161	78,045	1,606,924
Interest	38,696	3,156	7,427	2,360	33,283	859	85,781
Warrants	1,991,066	-	-	-	-	-	1,991,066
Ambulance	1,160,409	-	-	-	-	-	-
Other	202,310	-	-	77,367	8,754	-	288,431
Due from other governments	43,299	-	-	-	-	-	-
Special Assessments	-	-	-	31,803	-	-	31,803
Gross Receivables	3,770,749	32,452	7,427	203,754	1,508,198	78,904	4,397,776
LESS: Allowance for uncollectibles	(1,751,456)	-	-	-	(179,849)	(39,254)	(1,970,559)
Net total receivables	\$ 2,019,293	\$ 32,452	\$ 7,427	\$ 203,754	\$ 1,328,349	\$ 39,650	\$ 2,427,217

The composition of interfund balances as of September 30, 2009, is as follows:

	Due from other funds	Due to other funds
General Fund	\$ -	\$ (300,239)
Debt Service Fund	-	-
Capital Projects	-	-
2007 CIP Streets	-	-
Nonmajor governmental funds	345,468	-
Water and Wastewater Fund	-	(45,229)
Storm Water Utility Fund	-	-
	<u>\$ 345,468</u>	<u>\$ (345,468)</u>

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.

	Transfers from other funds	Transfers to other funds
General Fund	\$ 100,000	\$ (93,765)
Debt Service Fund	18,053	-
2007 CIP Streets	231,546	-
Nonmajor governmental funds	164,970	(60,386)
Water and Wastewater Fund	10,805	(1,148,919)
Storm Water Utility Fund	778,157	(461)
	<u>\$ 1,303,531</u>	<u>\$ (1,303,531)</u>

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

Special Item Outflow - During the year the City Council authorized a significant transfer of debt proceeds and debt between capital project funds and proprietary funds.

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C. Capital assets

Capital asset additions, disposals, and depreciation for governmental activities and business-type activities for the year ended September 30, 2009 was as follows:

	Governmental Activities:				
	Balance 9/30/2008	Additions	Deletions	Transfers and Adjustments	Balance 9/30/2009
Capital assets, not being depreciated:					
Land	\$ 467,517	\$ 133,017	\$ -	\$ -	\$ 600,534
Construction in progress	548,594	719,344	-	(67,385)	1,200,553
Totals, capital assets not being depreciated	1,016,111	852,361	-	(67,385)	1,801,087
Capital assets, being depreciated:					
Buildings	5,989,959	-	-	-	5,989,959
Machinery and equipment	4,372,766	664,832	(74,322)	67,385	5,030,661
Infrastructure	80,496,333	-	-	-	80,496,333
Totals, capital assets being depreciated	90,859,058	664,832	(74,322)	67,385	91,516,953
Less: accumulated depreciation for:					
Buildings	(953,871)	(169,512)	-	-	(1,123,383)
Machinery and equipment	(2,136,098)	(592,700)	74,140	-	(2,654,658)
Infrastructure	(33,461,946)	(799,766)	-	-	(34,261,712)
Total accumulated depreciation	(36,551,915)	(1,561,978)	74,140	-	(38,039,753)
Total capital assets, being depreciated, net	54,307,143	(897,146)	(182)	67,385	53,477,200
City capital assets, net	\$ 55,323,254	\$ (44,785)	\$ (182)	\$ -	\$ 55,278,287

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	Business-type activities:				
	Balance 9/30/2008	Additions	Deletions	Transfers and Adjustments	Balance 9/30/2009
Capital assets, not being depreciated:					
Land	\$ 357,034	\$ 51,332	\$ -	\$ -	\$ 408,366
Construction in progress	873,441	1,065,996	-	(368,659)	1,570,778
Totals, capital assets not being depreciated	1,230,475	1,117,328	-	(368,659)	1,979,144
Capital assets, being depreciated:					
Buildings	229,633	-	-	-	229,633
Machinery and equipment	1,062,409	183,838	(93,723)	-	1,152,524
Infrastructure	23,009,295	591,989	-	368,659	23,969,943
Totals, capital assets being depreciated	24,301,337	775,827	(93,723)	368,659	25,352,100
Less: accumulated depreciation for:					
Buildings	(92,852)	(7,369)	-	-	(100,221)
Machinery and equipment	(862,327)	(77,760)	93,723	-	(846,364)
Infrastructure	(5,267,262)	(814,614)	-	-	(6,081,876)
Total accumulated depreciation	(6,222,441)	(899,743)	93,723	-	(7,028,461)
Total capital assets, being depreciated, net	18,078,896	(123,916)	-	368,659	18,323,639
City capital assets, net	\$ 19,309,371	\$ 993,412	\$ -	\$ -	\$ 20,302,783

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

Governmental Activities	
Public safety	\$ 348,088
Community services	140,278
Public works	852,039
Planning & community development	22,392
City administration	197,376
Finance and administrative services	1,805
Total depreciation expense	\$ 1,561,978
Business-type Activities	
Water	\$ 472,017
Wastewater	339,103
Storm water utility	88,623
Total depreciation expense	\$ 899,743

CITY OF CORINTH
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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 \$23,314 in the general fund and \$23,314 in the water and wastewater fund annually through 2011.

The City entered into one new operating lease for FY 2007-08. The lease is a 3-year operating lease for Fire Department laptops. The lease will account for \$13,662 in the general fund.

E. Construction Commitments

Project Name	Cumulative Spent to Date	Remaining Balance
CHURCH ST	\$ 1,002,011	\$ 1,882,787
15" SS LYNCHBURG PHASE 1	78,062	963,738
15" SS LYNCHBURG PHASE 2	160,497	775,103
WESTSIDE LS EXPANSION	467,609	2,244,213
PARKRIDGE (FM 2181 TO MEADOWVIEW	45,110	496,175
LAKE SHARON	495,624	8,893,497
REPLACE TECHNOLOGICAL INFRASTRUCTURE	391,918	130,003
I-35 UPSTREAM IMPROVEMENTS	-	95,000
S. CORINTH STREET	73,408	2,326,592
REHAB 1.5 MG GROUND STORAGE	15,625	534,375
CAPITAL IMPROVEMENT TRACKING	44,596	1,287
PLANNING & PERMITING	50,463	89,537
PHONE SYSTEM UPGRADE	75,103	57,897
PINNELL POINT DRAINAGE	180,558	71,553
SECURITY & FIRE SUPPRESSION	442	74,558
TOTAL	\$ 3,081,026	\$ 18,636,315

F. Long-term debt

Long-term debt of the City governmental activities consists of four general obligation, two 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 3.50% to 7.75%.

Long-term debt of the City business-type activities consists of portions of two general obligation refunding bond series, the Series 2007 certificates of obligation issued for infrastructure improvements and accrued compensated absences, with interest rates ranging from 3.78% to 5.25%. Business-type activities long-term debt is serviced by revenue from the water wastewater, and storm water drainage systems.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

The following is a summary of long-term debt as of September 30, 2009:

Description	September 30, 2008	Additions	Retirements	September 30, 2009	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 11,791,500	\$ -	\$ (813,350)	\$ 10,978,150	\$ 871,700
Certificates of obligation	9,154,333	-	(681,333)	8,473,000	609,000
	<u>20,945,833</u>	<u>-</u>	<u>(1,494,683)</u>	<u>19,451,150</u>	<u>1,480,700</u>
Bond premiums/discounts (net)	225,034	-	(14,031)	211,003	14,031
Deferred amount on refunding	(115,024)	-	22,938	(92,086)	22,938
Total bonds payable	<u>21,055,843</u>	<u>-</u>	<u>(1,485,776)</u>	<u>19,570,067</u>	<u>1,517,669</u>
Capital lease obligation	45,667	-	(22,353)	23,314	23,314
Compensated absences	<u>726,195</u>	<u>77,669</u>	<u>-</u>	<u>803,864</u>	<u>803,864</u>
	<u>\$ 21,827,705</u>	<u>\$ 77,669</u>	<u>\$ (1,508,129)</u>	<u>\$ 20,397,245</u>	<u>\$ 2,344,847</u>

Description	September 30, 2008	Additions	Retirements	September 30, 2009	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 2,413,500	\$ -	\$ (236,650)	\$ 2,176,850	\$ 253,300
Certificates of obligation	13,620,667	-	(293,667)	13,327,000	371,000
	<u>16,034,167</u>	<u>-</u>	<u>(530,317)</u>	<u>15,503,850</u>	<u>624,300</u>
Bond premiums/discounts (net)	313,922	-	(17,724)	296,198	17,724
Deferred amount on refunding	(56,340)	-	10,661	(45,679)	10,661
Total bonds payable	<u>16,291,749</u>	<u>-</u>	<u>(537,380)</u>	<u>15,754,369</u>	<u>652,685</u>
Capital lease obligation	45,667	-	(22,353)	23,314	23,314
Compensated absences	<u>65,432</u>	<u>9,205</u>	<u>-</u>	<u>74,637</u>	<u>74,637</u>
	<u>\$ 16,402,848</u>	<u>\$ 9,205</u>	<u>\$ (559,733)</u>	<u>\$ 15,852,320</u>	<u>\$ 750,636</u>

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, 2009

Long-term debt of the City is comprised of the following individual issues at September 30, 2009:

Purpose	Original Amount	Year of Issue	Final Maturity	Average Annual Payment	Interest Rate	Governmental Activities	Business- type Activities
GENERAL OBLIGATION BONDS							
Refunding/ city park	\$ 8,245,000	1997	2019	\$ 461,000	4.00% - 5.15%	\$ 247,500	\$ 202,500
City hall, park & infrastructure	7,000,000	1999	2019	428,000	3.50% - 4.80%	1,920,000	
Infrastructure	2,000,000	2001	2021	125,000	5.00% - 4.80%	745,000	
Refunding	5,080,000	2005	2020	525,000	4.00% - 4.25%	3,767,400	1,062,600
Refunding	5,250,000	2007	2021	557,000	3.78% - 4.25%	4,298,250	911,750
						<u>10,978,150</u>	<u>2,176,850</u>
CERTIFICATES OF OBLIGATION							
Equipment and infrastructure	23,630,000	2007	2027	2,358,000	4.375% - 5.25%	8,473,000	13,327,000
						<u>\$ 19,451,150</u>	<u>\$ 15,503,850</u>

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
2010	\$ 871,700	\$ 440,631	\$ 253,300	\$ 84,673
2011	1,024,375	400,535	145,625	75,858
2012	1,077,125	357,099	152,875	69,922
2013	1,117,075	311,381	157,925	63,727
2014	1,149,875	263,653	160,125	57,378
2015 - 2019	5,370,725	608,594	1,219,275	140,876
2020 - 2024	367,275	13,208	87,725	3,010
Total	<u>\$ 10,978,150</u>	<u>\$ 2,395,101</u>	<u>\$ 2,176,850</u>	<u>\$ 495,444</u>

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

Certificates of Obligation:

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
2009	\$ 609,000	\$ 404,220	\$ 371,000	\$ 632,928
2010	242,000	385,073	518,000	609,168
2011	252,000	373,958	543,000	583,851
2012	455,000	356,913	535,000	556,751
2013	470,000	333,788	565,000	527,875
2014-2018	2,035,000	1,369,147	3,350,000	2,131,288
2019-2023	2,480,000	836,991	4,350,000	1,196,919
2024-2027	1,930,000	158,813	3,095,000	126,656
Total	\$ 8,473,000	\$ 4,218,903	\$ 13,327,000	\$ 6,365,436

The annual capital lease obligation to maturity is as follows:

Due Fiscal Year Ending September 30,	Governmental Activities	Business- Type Activities
2010	\$ 24,316	\$ 24,316
Less Interest	(1,002)	(1,002)
	<u>\$ 23,314</u>	<u>\$ 23,314</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.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

B. Employee retirement systems and pension plans

The City participates in the Texas Municipal Retirement System

Plan Description

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), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas, 78714-9153, or by calling 800-924-8677; in addition, the report is available on the TMRS website at www.tmr.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2008</u>	<u>Plan Year 2007</u>
Employee deposit rate:	7%	7%
Matching ratio (employer to employee):	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100%, Repeating, Transfers	100%, Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually, the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeated benefits, such as Updated Service Credits and Annuity Increases.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and 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. The annual pension cost and net pension obligation (asset) are as follows:

Annual Required Contribution (ARC)	\$ 864,523
Interest on Net Pension Obligation	-
Adjustment to the ARC	-
Annual Pension Cost:	864,523
Contributions Made	864,523
Increase (Decrease) in Net Pension Obligation	-
Net Pension Obligation (Asset) , Beginning of Year	-
Net Pension Obligation (Asset) , End of Year	\$ -

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost/(APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2007	\$ 636,462	\$ 636,462	100%	\$ -
2008	\$ 770,520	\$ 770,520	100%	\$ -
2009	\$ 864,523	\$ 864,523	100%	\$ -

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/2006	12/31/2007	12/31/08
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years; open period	30 years; closed period	29 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions			
Investment Rate of Return	7.0%	7.0%	7.5%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Actuarial Assumptions:			
Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Assumptions	NA	2.1%	2.1%

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

The funded status as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded ALL (UALL)	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2008	\$ 8,770,128	\$ 12,993,473	67.5%	\$ 4,223,345	\$ 7,755,875	54.5%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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 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. 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.

E. Component Unit Information

Corinth Economic Development Corporation (CEDC)

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, amphitheaters, 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

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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.

Following are the fund financial statements, prepared on the modified accrual basis, accompanied by reconciliations to Exhibit A-1, the statement of net assets, and A-2, the statement of changes in net assets as and for the year ended September 30, 2009.

BALANCE SHEET

ASSETS:

Cash	\$ 186,918
Investments	1,938,547
Receivables (net of allowances for uncollectibles):	103,064
Total Assets	\$ 2,228,529

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable and accrued liabilities	\$ 16,274
Total Liabilities	16,274

Fund Balances:

Reserved for inventory	-
Unreserved	2,212,255
Total Fund Balances	2,212,255
Total Liabilities and Fund Balances	\$ 2,228,529

**RECONCILIATION OF CEDC FUND BALANCE SHEET TO
DISCRETE COMPONENT UNIT STATEMENT OF NET ASSETS**

CEDC Fund Balance	\$ 2,212,255
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Amounts reported for governmental activities in the statement of net assets are different because:

Liabilities for compensated absences are not reported in the funds	(3,706)
CEDC Net Assets	\$ 2,208,549

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Revenue:	
Sales and other taxes	\$ 486,198
Donations/contributions	481,305
Interest and investment earnings	38,836
Total revenues	<u>1,006,339</u>
Expenditures:	
Planning and community development	<u>238,672</u>
Total Expenditures	<u>238,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>767,667</u>
Fund Balances - Beginning	<u>1,440,882</u>
Fund Balances - Ending	<u>\$ 2,208,549</u>

RECONCILIATION OF EDC FUND STATEMENT OF REVENUES, EXPENDITRES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

CEDC Change in Fund Balance	\$ 767,667
Amounts reported for governmental activities in the statement of activities are different because:	
Changes in liabilities for compensated absences are not reported in the funds.	<u>(3,706)</u>
CEDC Net Assets	<u>\$ 763,961</u>

During the year, the Parks and Recreation CIP fund returned CEDC's prior year contribution which was be used for a subsequently cancelled project.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

F. Prior Year Restatements

The City made several reclassifications of the prior year as it relates to receivables (tax and accounts) , deferred revenue, property tax revenue and miscellaneous income.

	As Reported 09/30/08 Dr (Cr)	Change Dr (Cr)	As Restated 9/30/2008 Dr (Cr)
Government Activities			
Statement of Net Assets			
Receivables	\$ 1,798,306	\$ 97,549	\$ 1,895,855
Net assets	52,133,729	97,549	52,231,278
Statement of Changes in Net Assets			
Property taxes	7,784,085	58,150	7,842,235
Miscellaneous income	(73,740)	(155,699)	(229,439)
Change in net assets	1,510,507	204,154	1,714,661
General Fund			
Balance Sheet			
Receivables			
Taxes	144,358	(58,149)	86,209
Accounts	25,491	(6,423)	19,068
Miscellaneous	173,497	88,046	261,543
Due from other governments	-	74,075	74,075
Deferred revenue	(501,268)	(48,456)	(549,724)
Fund balance	(4,744,934)	(49,095)	(4,794,029)
Statement of Revenues, Expenditures, and Changes in Fund Balance			
Miscellaneous income	(98,291)	(155,699)	(253,990)

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CORINTH, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>Property</i>	\$ 6,380,529	\$ 6,380,529	\$ 6,307,851	\$ (72,678)
<i>Franchise</i>	954,657	954,657	1,017,734	63,077
<i>Sales</i>	1,157,714	1,157,714	978,930	(178,784)
<i>Fees and permits</i>	361,050	361,050	283,232	(77,818)
<i>Fines and forfeitures</i>	660,643	660,643	680,502	19,859
<i>Charges for services</i>	3,326,316	3,471,151	3,256,122	(215,029)
<i>Interest income</i>	285,000	285,000	166,655	(118,345)
<i>Park donations</i>	--	--	2	2
<i>Intergovernmental</i>	107,615	107,615	97,101	(10,514)
<i>Miscellaneous income</i>	101,000	101,000	84,278	(16,722)
Total revenues	<u>13,334,524</u>	<u>13,479,359</u>	<u>12,872,407</u>	<u>(606,952)</u>
Expenditures:				
Current:				
<i>Public safety</i>	7,536,325	7,644,647	7,541,771	102,876
<i>Community services</i>	2,080,722	2,083,362	1,820,042	263,320
<i>Public works</i>	1,093,473	1,093,473	897,152	196,321
<i>Planning and community development</i>	897,962	897,962	793,200	104,762
<i>City Administration</i>	1,456,975	1,449,775	1,498,948	(49,173)
<i>Finance and administrative services</i>	756,695	756,695	685,409	71,286
Total Expenditures	<u>13,822,152</u>	<u>13,925,914</u>	<u>13,236,522</u>	<u>689,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(487,628)</u>	<u>(446,555)</u>	<u>(364,115)</u>	<u>82,440</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	244,835	100,000	100,000	--
<i>Transfers out</i>	(110,962)	(7,200)	(93,765)	(86,565)
<i>Sale of Capital Assets</i>	15,000	15,000	5,434	(9,566)
Total Other Financing Sources (Uses)	<u>148,873</u>	<u>107,800</u>	<u>11,669</u>	<u>(96,131)</u>
Net Change in Fund Balances	<u>(338,755)</u>	<u>(338,755)</u>	<u>(352,446)</u>	<u>(13,691)</u>
Fund Balances - Beginning	4,744,934	4,744,934	4,744,934	--
Prior Period Adjustment	--	--	49,094	49,094
Fund Balances - Ending	<u>\$ 4,406,179</u>	<u>\$ 4,406,179</u>	<u>\$ 4,441,582</u>	<u>\$ 35,403</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 additional appropriations were submitted as budget amendments and approved by the City Council:
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

7. Expenditures in Excess of Budget Authorization

General Fund –
 City Administration \$49,173

8. Fund Deficits

The 2009 Streets CO Fund has a deficit which will be relieved by transfers.

Employee Retirement Plan - three year funding progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded ALL (UALL)</u>	<u>Covered Payroll</u>	<u>UALL as a Percentage of Covered Payroll</u>
12/31/2006	\$ 6,871,992	\$ 8,676,561	79.2%	\$ 1,804,569	\$ 6,320,378	28.6%
12/31/2007	\$ 8,103,247	\$ 11,994,418	67.6%	\$ 3,891,171	\$ 7,289,692	53.4%
12/31/2008	\$ 8,770,128	\$ 12,993,473	67.5%	\$ 4,223,345	\$ 7,755,875	54.5%

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS

CITY OF CORINTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
<i>Cash</i>	\$ 378,487	\$ 432,974	\$ 811,461
<i>Investments</i>	1,160,005	675,700	1,835,705
Receivables (net of allowances for uncollectibles):			
<i>Sales tax</i>	92,224	--	92,224
<i>Interest</i>	758	1,602	2,360
<i>Miscellaneous</i>	77,367	--	77,367
<i>Special assessments</i>	31,803	--	31,803
<i>Due from other funds</i>	235,310	110,158	345,468
	<u>1,975,954</u>	<u>1,220,434</u>	<u>3,196,388</u>
Total Assets	\$ 1,975,954	\$ 1,220,434	\$ 3,196,388
LIABILITIES:			
<i>Accounts payable</i>	\$ 15,906	\$ --	\$ 15,906
<i>Accrued liabilities</i>	9,496	--	9,496
<i>Deferred revenue</i>	88,390	--	88,390
	<u>113,792</u>	<u>--</u>	<u>113,792</u>
Total Liabilities	113,792	--	113,792
Fund Balances:			
Reserved Fund Balances			
<i>Reserved for encumbrances</i>	--	14,071	14,071
Unreserved, reported in:			
<i>Special Revenue Funds</i>	1,862,162	--	1,862,162
<i>Capital Projects Funds</i>	--	1,206,363	1,206,363
Total Fund Balances	<u>1,862,162</u>	<u>1,220,434</u>	<u>3,082,596</u>
Total Liabilities and Fund Balances	\$ 1,975,954	\$ 1,220,434	\$ 3,196,388

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 477,135	\$ --	\$ 477,135
<i>Fines and forfeitures</i>	20,355	--	20,355
<i>Interest income</i>	17,687	9,943	27,630
<i>Park donations</i>	10,469	--	10,469
<i>Roadway impact fees</i>	114,719	--	114,719
<i>Miscellaneous income</i>	4,787	--	4,787
Total revenues	<u>645,152</u>	<u>9,943</u>	<u>655,095</u>
Expenditures:			
Current:			
<i>Public safety</i>	191,378	7,390	198,768
<i>Community services</i>	8,461	481,305	489,766
<i>Public works</i>	24,823	7,449	32,272
<i>Planning and community development</i>	--	61,955	61,955
<i>Capital Outlay</i>	1,938	194,347	196,285
Debt Service:			
<i>Paying agent fees</i>	--	613	613
Total Expenditures	<u>226,600</u>	<u>753,059</u>	<u>979,659</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>418,552</u>	<u>(743,116)</u>	<u>(324,564)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	12,729	152,241	164,970
<i>Transfers out</i>	(41,938)	(18,448)	(60,386)
Total Other Financing Sources (Uses)	<u>(29,209)</u>	<u>133,793</u>	<u>104,584</u>
Net Change in Fund Balances	389,343	(609,323)	(219,980)
Fund Balances - Beginning	<u>1,472,819</u>	<u>1,829,757</u>	<u>3,302,576</u>
Fund Balances - Ending	<u>\$ 1,862,162</u>	<u>\$ 1,220,434</u>	<u>\$ 3,082,596</u>

CITY OF CORINTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2009

	Street Maintenance Sales Tax	Roadway Impact Fees	Crime Control & Prevention
ASSETS			
<i>Cash</i>	\$ 52,720	\$ 45,778	\$ 118,438
<i>Investments</i>	510,005	650,000	--
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	45,377	--	46,847
<i>Interest</i>	758	--	--
<i>Miscellaneous</i>	--	56,587	--
<i>Special assessments</i>	--	--	--
<i>Due from other funds</i>	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>608,860</u>	\$ <u>752,365</u>	\$ <u>165,285</u>
LIABILITIES:			
<i>Accounts payable</i>	\$ 17,599	\$ --	\$ --
<i>Accrued liabilities</i>	--	--	9,387
<i>Deferred revenue</i>	--	56,587	--
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>17,599</u>	<u>56,587</u>	<u>9,387</u>
Fund Balances:			
<i>Unreserved</i>	591,261	695,778	155,898
Total Fund Balances	<u>591,261</u>	<u>695,778</u>	<u>155,898</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ <u>608,860</u>	\$ <u>752,365</u>	\$ <u>165,285</u>

Special Revenue	Elm Fork Trails Grant	Hotel-Motel Tax	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 142,678	\$ --	\$ 18,873	\$ 378,487
--	--	--	1,160,005
--	--	--	92,224
--	--	--	758
17,596	--	3,184	77,367
31,803	--	--	31,803
--	235,310	--	235,310
<u>\$ 192,077</u>	<u>\$ 235,310</u>	<u>\$ 22,057</u>	<u>\$ 1,975,954</u>
\$ (1,693)	\$ --	\$ --	\$ 15,906
109	--	--	9,496
31,803	--	--	88,390
<u>30,219</u>	<u>--</u>	<u>--</u>	<u>113,792</u>
161,858	235,310	22,057	1,862,162
<u>161,858</u>	<u>235,310</u>	<u>22,057</u>	<u>1,862,162</u>
<u>\$ 192,077</u>	<u>\$ 235,310</u>	<u>\$ 22,057</u>	<u>\$ 1,975,954</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, 2009

	Street Maintenance Sales Tax	Roadway Impact Fees	Crime Control & Prevention
Revenue:			
Taxes:			
<i>Sales</i>	\$ 243,109	\$ --	\$ 211,979
<i>Fines and forfeitures</i>	--	--	--
<i>Interest income</i>	3,471	13,736	181
<i>Park donations</i>	--	--	--
<i>Roadway impact fees</i>	--	114,719	--
<i>Miscellaneous income</i>	--	--	--
Total revenues	<u>246,580</u>	<u>128,455</u>	<u>212,160</u>
Expenditures:			
Current:			
<i>Public safety</i>	--	--	181,879
<i>Community services</i>	--	--	--
<i>Public works</i>	24,823	--	--
<i>Capital Outlay</i>	--	--	--
Total Expenditures	<u>24,823</u>	<u>--</u>	<u>181,879</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>221,757</u>	<u>128,455</u>	<u>30,281</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	--	--
<i>Transfers out</i>	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	221,757	128,455	30,281
Fund Balances - Beginning	<u>369,504</u>	<u>567,323</u>	<u>125,617</u>
Fund Balances - Ending	<u>\$ 591,261</u>	<u>\$ 695,778</u>	<u>\$ 155,898</u>

Special Revenue	Elm Fork Trails Grant	Hotel-Motel Tax	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 22,047	\$ 477,135
20,355	--	--	20,355
289	--	10	17,687
10,469	--	--	10,469
--	--	--	114,719
4,787	--	--	4,787
<u>35,900</u>	<u>--</u>	<u>22,057</u>	<u>645,152</u>
9,499	--	--	191,378
8,461	--	--	8,461
--	--	--	24,823
1,938	--	--	1,938
<u>19,898</u>	<u>--</u>	<u>--</u>	<u>226,600</u>
16,002	--	22,057	418,552
12,729	--	--	12,729
(41,938)	--	--	(41,938)
<u>(29,209)</u>	<u>--</u>	<u>--</u>	<u>(29,209)</u>
(13,207)	--	22,057	389,343
<u>175,065</u>	<u>235,310</u>	<u>--</u>	<u>1,472,819</u>
<u>\$ 161,858</u>	<u>\$ 235,310</u>	<u>\$ 22,057</u>	<u>\$ 1,862,162</u>

CITY OF CORINTH, TEXAS
 STREET MAINTENANCE SALES TAX FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-5

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Sales</i>	\$ 287,000	\$ 243,109	\$ (43,891)
<i>Interest income</i>	5,000	3,471	(1,529)
Total revenues	<u>292,000</u>	<u>246,580</u>	<u>(45,420)</u>
Expenditures:			
Current:			
<i>Public works</i>	705,100	24,823	680,277
Total Expenditures	<u>705,100</u>	<u>24,823</u>	<u>680,277</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(413,100)</u>	<u>221,757</u>	<u>634,857</u>
Net Change in Fund Balances	(413,100)	221,757	634,857
Fund Balances - Beginning	<u>369,504</u>	<u>369,504</u>	--
Fund Balances - Ending	<u>\$ (43,596)</u>	<u>\$ 591,261</u>	<u>\$ 634,857</u>

CITY OF CORINTH, TEXAS
CRIME CONTROL & PREVENTION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Sales</i>	\$ 222,600	\$ 211,979	\$ (10,621)
<i>Interest income</i>	1,500	181	(1,319)
Total revenues	<u>224,100</u>	<u>212,160</u>	<u>(11,940)</u>
Expenditures:			
Current:			
<i>Public safety</i>	255,034	181,879	73,155
Total Expenditures	<u>255,034</u>	<u>181,879</u>	<u>73,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(30,934)</u>	<u>30,281</u>	<u>61,215</u>
Net Change in Fund Balances	(30,934)	30,281	61,215
Fund Balances - Beginning	<u>125,617</u>	<u>125,617</u>	--
Fund Balances - Ending	<u>\$ 94,683</u>	<u>\$ 155,898</u>	<u>\$ 61,215</u>

CITY OF CORINTH, TEXAS
HOTEL-MOTEL TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-7

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Sales</i>	\$ 80,000	\$ 22,047	\$ (57,953)
<i>Interest income</i>	--	10	10
Total revenues	<u>80,000</u>	<u>22,057</u>	<u>(57,943)</u>
Net Change in Fund Balances	80,000	22,057	(57,943)
Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 80,000</u>	<u>\$ 22,057</u>	<u>\$ (57,943)</u>

CITY OF CORINTH, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-8

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Property</i>	\$ 1,962,831	\$ 1,989,725	\$ 26,894
<i>Interest income</i>	--	27,854	27,854
Total revenues	<u>1,962,831</u>	<u>2,017,579</u>	<u>54,748</u>
Expenditures:			
Current:			
Debt Service:			
<i>Principal</i>	1,494,683	1,494,683	--
<i>Interest</i>	910,577	910,577	--
<i>Paying agent fees</i>	--	5,300	(5,300)
<i>Bond issuance costs</i>	25,000	1,107	23,893
Total Expenditures	<u>2,430,260</u>	<u>2,411,667</u>	<u>18,593</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(467,429)</u>	<u>(394,088)</u>	<u>73,341</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	18,053	18,053
Total Other Financing Sources (Uses)	<u>--</u>	<u>18,053</u>	<u>18,053</u>
Net Change in Fund Balances	(467,429)	(376,035)	91,394
Fund Balances - Beginning	<u>1,130,119</u>	<u>1,130,119</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 662,690</u>	<u>\$ 754,084</u>	<u>\$ 91,394</u>

CITY OF CORINTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2009

	<u>Capital Projects</u>	<u>Vehicle Replacement</u>
ASSETS		
<i>Cash</i>	\$ 126,110	\$ 157,700
<i>Investments</i>	450,000	--
Receivables (net of allowances for uncollectibles):		
<i>Interest</i>	1,331	--
<i>Due from other funds</i>	<u>--</u>	<u>110,158</u>
Total Assets	<u>\$ 577,441</u>	<u>\$ 267,858</u>
FUND BALANCES		
Reserved Fund Balances		
<i>Unreserved</i>	<u>577,441</u>	<u>267,858</u>
Total Fund Balances	<u>577,441</u>	<u>267,858</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 577,441</u>	<u>\$ 267,858</u>

<u>2004 Tax Note</u>	<u>All Department CIP 2007</u>	<u>Total Nonmajor Capital Projects Funds (See Exhibit C-1)</u>
\$ 104,686	\$ 44,478	\$ 432,974
--	225,700	675,700
--	271	1,602
--	--	110,158
<u>\$ 104,686</u>	<u>\$ 270,449</u>	<u>\$ 1,220,434</u>
 104,686	 256,378	 1,206,363
<u>104,686</u>	<u>270,449</u>	<u>1,220,434</u>
 <u>\$ 104,686</u>	 <u>\$ 270,449</u>	 <u>\$ 1,220,434</u>

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Capital Projects</u>	<u>Vehicle Replacement</u>	<u>Parks CIP 2008</u>
Revenue:			
Taxes:			
<i>Interest income</i>	\$ 7,420	\$ 237	\$ --
Total revenues	<u>7,420</u>	<u>237</u>	<u>--</u>
Expenditures:			
Current:			
<i>Public safety</i>	--	7,390	--
<i>Community services</i>	--	--	481,305
<i>Public works</i>	--	7,449	--
<i>Planning and community development</i>	--	--	--
<i>Capital Outlay</i>	904	--	--
Debt Service:			
<i>Paying agent fees</i>	--	--	--
Total Expenditures	<u>904</u>	<u>14,839</u>	<u>481,305</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,516</u>	<u>(14,602)</u>	<u>(481,305)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	57,357	--
<i>Transfers out</i>	--	(12,647)	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>44,710</u>	<u>--</u>
Net Change in Fund Balances	6,516	30,108	(481,305)
Fund Balances - Beginning	<u>570,925</u>	<u>237,750</u>	<u>481,305</u>
Fund Balances - Ending	<u>\$ 577,441</u>	<u>\$ 267,858</u>	<u>\$ --</u>

2004 Tax Note	2009 Streets CO	All Department CIP 2007	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ 321	\$ --	\$ 1,965	\$ 9,943
<u>321</u>	<u>--</u>	<u>1,965</u>	<u>9,943</u>
--	--	--	7,390
--	--	--	481,305
--	--	--	7,449
61,955	--	--	61,955
76,746	--	116,697	194,347
--	--	613	613
<u>138,701</u>	<u>--</u>	<u>117,310</u>	<u>753,059</u>
<u>(138,380)</u>	<u>--</u>	<u>(115,345)</u>	<u>(743,116)</u>
36,938	57,946	--	152,241
--	--	(5,801)	(18,448)
<u>36,938</u>	<u>57,946</u>	<u>(5,801)</u>	<u>133,793</u>
(101,442)	57,946	(121,146)	(609,323)
<u>206,128</u>	<u>(57,946)</u>	<u>391,595</u>	<u>1,829,757</u>
<u>\$ 104,686</u>	<u>\$ --</u>	<u>\$ 270,449</u>	<u>\$ 1,220,434</u>

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2009

	<u>Insurance</u>	<u>Sidewalk Escrow</u>	<u>Total Agency Funds (See Exhibit A-10)</u>
ASSETS:			
<i>Cash</i>	\$ <u>108,661</u>	\$ <u>14,024</u>	\$ <u>122,685</u>
Total Assets	\$ <u><u>108,661</u></u>	\$ <u><u>14,024</u></u>	\$ <u><u>122,685</u></u>
LIABILITIES:			
<i>Accrued liabilities</i>	\$ 108,661	\$ 24	\$ 108,685
<i>Other liabilities</i>	<u>--</u>	<u>14,000</u>	<u>14,000</u>
Total Liabilities	\$ <u><u>108,661</u></u>	\$ <u><u>14,024</u></u>	\$ <u><u>122,685</u></u>

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-12

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
INSURANCE AGENCY FUND				
ASSETS				
Cash	\$ 34,927	\$ 225,770	\$ 152,036	\$ 108,661
Total Assets	<u>\$ 34,927</u>	<u>\$ 225,770</u>	<u>\$ 152,036</u>	<u>\$ 108,661</u>
LIABILITIES				
Accrued Liabilities	\$ 34,927	\$ 187,718	\$ 113,984	\$ 108,661
Other liabilities	--	--	--	--
Total Liabilities	<u>\$ 34,927</u>	<u>\$ 187,718</u>	<u>\$ 113,984</u>	<u>\$ 108,661</u>
SIDEWALK ESCROW FUND				
ASSETS				
Cash	\$ 14,000	\$ 24	\$ --	\$ 14,024
Total Assets	<u>\$ 14,000</u>	<u>\$ 24</u>	<u>\$ --</u>	<u>\$ 14,024</u>
LIABILITIES				
Accrued Liabilities	\$ --	\$ 24	\$ --	\$ 24
Other liabilities	14,000	--	--	14,000
Total Liabilities	<u>\$ --</u>	<u>\$ 24</u>	<u>\$ --</u>	<u>\$ 24</u>
TOTAL AGENCY FUNDS:				
ASSETS				
Cash	\$ 48,927	\$ 225,794	\$ 152,036	\$ 122,685
Total Assets	<u>\$ 48,927</u>	<u>\$ 225,794</u>	<u>\$ 152,036</u>	<u>\$ 122,685</u>
LIABILITIES				
Accrued Liabilities	\$ 34,927	\$ 187,742	\$ 113,984	\$ 108,685
Other liabilities	14,000	--	--	14,000
Total Liabilities	<u>\$ 48,927</u>	<u>\$ 187,742</u>	<u>\$ 113,984</u>	<u>\$ 122,685</u>

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, 2009*

EXHIBIT C-13

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
<i>Sales tax</i>	\$ 574,844	\$ 486,198	\$ (88,646)
<i>Donations</i>	--	481,305	481,305
<i>Interest income</i>	20,000	38,836	18,836
Total revenues	<u>594,844</u>	<u>1,006,339</u>	<u>411,495</u>
Expenditures:			
Current:			
<i>Planning and community development</i>	542,514	242,378	300,136
Total Expenditures	<u>542,514</u>	<u>242,378</u>	<u>300,136</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>52,330</u>	<u>763,961</u>	<u>711,631</u>
Net Change in Fund Balances	52,330	763,961	711,631
Fund Balances - Beginning	<u>1,444,588</u>	<u>1,444,588</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 1,496,918</u>	<u>\$ 2,208,549</u>	<u>\$ 711,631</u>

STATISTICAL SECTION



STATISTICAL SECTION

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

Contents	Page
Financial Trends	82
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	87
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	95
<i>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.</i>	
Demographic and Economic Information	99
<i>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.</i>	
Operating Information	101
<i>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.</i>	

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 SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007 (1)	2008	2009
Governmental Activities							
Invested in Capital Assets,							
Net of Related Debt	\$ (199,068)	\$ 565,152	\$ 46,286,313	\$ 45,102,746	\$ 44,772,247	\$ 43,000,166	\$ 43,349,147
Restricted	2,626,881	3,417,639	977,578	2,951,097	3,109,568	3,020,980	795,115
Unrestricted	1,754,328	1,635,029	6,226,345	5,847,984	5,762,421	6,112,583	8,362,921
Total Governmental Activities Net Assets	\$ 4,182,141	\$ 5,617,820	\$ 53,490,236	\$ 53,901,827	\$ 53,644,236	\$ 52,133,729	\$ 52,507,183
Business-type Activities							
Invested in Capital Assets,							
Net of Related Debt	\$ 12,112,465	\$ 10,987,669	\$ 12,462,107	\$ 13,801,367	\$ 16,086,492	\$ 15,604,347	\$ 15,881,901
Restricted	1,683,050	1,866,796	1,364,100	--	--	--	--
Unrestricted	(456,751)	(1,055,443)	799,118	2,625,039	3,295,736	5,229,817	5,583,164
Total Business-type Activities Net Assets	\$ 13,338,764	\$ 11,799,022	\$ 14,625,325	\$ 16,426,406	\$ 19,382,228	\$ 20,834,164	\$ 21,465,065
Primary Government							
Invested in Capital Assets,							
Net of Related Debt	\$ 11,913,397	\$ 11,552,821	\$ 58,748,420	\$ 58,904,113	\$ 60,858,739	\$ 58,604,513	\$ 59,231,048
Restricted	4,309,931	5,284,435	2,341,678	2,951,097	10,880,788	3,020,980	795,115
Unrestricted	1,297,577	579,586	7,025,463	8,473,023	1,286,937	11,342,400	13,946,085
Total Primary Government Net Assets	\$ 17,520,905	\$ 17,416,842	\$ 68,115,561	\$ 70,328,233	\$ 73,026,464	\$ 72,967,893	\$ 73,972,248

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

(1) 2007 restated for debt reallocation.

TABLE D-2

CITY OF CORINTH, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

	2003	2004	2005	2006	2007 (1)	2008 (2)	2009
Expenses							
Governmental Activities:							
Public safety	\$ 1,833,954	\$ 2,158,121	\$ 2,157,623	\$ 2,570,307	\$ 2,745,345	\$ 6,891,366	\$ 7,956,599
Fire	1,145,958	1,318,659	1,475,376	1,565,570	1,995,931	--	--
Community services	--	--	--	1,649,758	1,805,271	1,950,842	2,452,756
Culture & Recreation	1,043,990	1,048,510	1,173,264	--	--	--	--
Public works	--	--	--	4,105,885	4,065,127	4,571,006	1,784,753
Highways & Streets	1,778,484	698,839	3,415,957	--	--	810,774	877,117
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	1,425,905	1,340,171
Financial and administrative services	--	--	--	725,165	949,085	702,155	686,977
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	530,981	894,159	969,752
Total Governmental Activities Expenses	9,573,857	8,211,081	11,360,389	12,385,871	13,549,708	17,246,207	16,068,125
Business-type Activities:							
Water and wastewater	7,033,190	7,288,289	7,775,047	8,384,025	8,353,563	9,959,789	10,356,404
Storm Water Utility	--	--	295,597	207,768	347,612	464,127	510,190
Total Business-type Activities Expenses	7,033,190	7,288,289	8,070,644	8,591,793	8,701,175	10,423,916	10,866,594
Total Primary Government Expenses	\$ 16,607,047	\$ 15,499,370	\$ 19,431,033	\$ 20,977,664	\$ 22,250,883	\$ 27,670,123	\$ 26,934,719
Program Revenues							
Governmental Activities:							
Charges for Services:	\$ 239,822	\$ 447,107	\$ 492,359	\$ 133,700	\$ 171,534	\$ 2,442,177	\$ 3,028,462
Public safety	--	--	--	774,741	750,410	208,352	178,695
Community services	104,945	97,960	130,454	--	--	--	--
Culture & Recreation	--	--	--	661,209	493,749	416,347	297,861
Planning and community development	--	--	--	7,890	13,972	--	--
City administration	--	--	--	252,636	559,992	881,951	1,024,019
Finance and administrative services	--	--	--	--	--	--	--
General Government	1,108,355	1,099,768	1,147,641	211,840	202,291	271,544	107,572
Operating Grants and Contributions	2,476	25,716	159,282	688,101	1,055,742	725,200	171,306
Capital Grants and Contributions	--	36,796	5,786	--	--	--	--
Total Governmental Activities Program Revenues	1,455,598	1,707,347	1,935,522	2,729,937	3,247,690	4,945,571	4,807,915
Business-type Activities:							
Charges for Services:							
Water and wastewater	5,829,380	5,622,897	7,200,377	8,624,995	8,706,440	10,169,565	10,306,400
Storm Water Utility	--	--	295,598	364,504	432,848	495,193	552,871
Operating Grants and Contributions	--	--	1,208,704	--	--	--	--
Capital Grants and Contributions	--	886,106	--	2,127,180	2,071,941	649,055	649,055
Total Business-type Activities Program Revenues	5,829,380	6,509,003	8,704,679	10,254,679	11,266,391	12,736,699	11,508,326
Total Primary Government Program Revenues	\$ 7,284,978	\$ 8,216,350	\$ 10,640,201	\$ 12,984,616	\$ 14,514,081	\$ 17,682,270	\$ 16,316,241
Net (Expense)/Revenue	\$ (8,118,259)	\$ (6,503,734)	\$ (9,424,867)	\$ (9,655,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)
Governmental Activities	(1,203,810)	(779,286)	634,035	1,662,886	2,565,216	2,312,783	641,732
Business-type Activities	(9,322,069)	(7,283,020)	(8,790,832)	(7,993,048)	(7,736,802)	(9,987,853)	(10,618,478)

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) 2007 restated for debt reallocation.
- (2) During 2008, the City acquired the Lake Cities Fire Department from other participating cities. Expenses incurred before and after acquisition are reported in public safety.

CITY OF CORINTH, TEXAS

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

LAST SEVEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007 (1)	2008 (2)	2009
Net (Expense)/Revenue							
Governmental Activities	\$ (8,118,258)	\$ (6,503,734)	\$ (9,424,867)	\$ (9,635,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)
Business-type Activities	(1,203,810)	(779,286)	634,034	1,662,886	2,565,216	2,312,783	641,732
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>(7,736,802)</u>	<u>(9,987,853)</u>	<u>(10,618,478)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes							
Property Taxes	3,689,016	6,515,600	6,841,794	6,894,264	7,362,347	7,784,085	8,288,285
Franchise Taxes	676,333	832,345	742,121	1,289,688	667,199	894,191	1,456,065
Sales Taxes	855,211	824,038	1,114,945	1,441,016	1,539,307	1,523,963	1,017,734
Other Taxes	3,586	18,297	4,169	--	--	--	--
Investment Earnings	47,337	86,918	114,676	427,975	562,353	740,740	318,460
Miscellaneous	2,260,952	531,844	236,163	37,082	46,395	73,884	95,154
Special item outflow	--	--	--	--	--	(1,742,435)	--
Transfers	780,000	(559,938)	(486,669)	(22,500)	(138,510)	1,515,701	360,418
Total Governmental Activities	<u>8,312,435</u>	<u>8,249,104</u>	<u>8,567,199</u>	<u>10,067,525</u>	<u>10,039,091</u>	<u>10,790,129</u>	<u>11,536,116</u>
Business-type Activities:							
Investment Earnings	8,934	51,133	120,742	95,712	164,855	643,642	295,606
Miscellaneous	1,201,954	--	19,606	19,983	103,243	11,212	53,980
Transfers	(680,000)	559,938	485,120	22,500	138,510	(1,515,701)	(360,418)
Total Business-type Activities	<u>530,888</u>	<u>611,071</u>	<u>625,468</u>	<u>138,195</u>	<u>406,608</u>	<u>(860,847)</u>	<u>(10,832)</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>10,445,699</u>	<u>9,929,282</u>	<u>11,525,284</u>
Change in Net Assets							
Governmental Activities	194,177	1,745,370	(857,668)	411,771	(262,927)	(1,510,507)	275,906
Business-type Activities	(672,922)	(168,215)	1,259,502	1,801,081	2,971,824	1,451,936	630,900
Total Primary Government	<u>\$ (478,745)</u>	<u>\$ 1,577,155</u>	<u>\$ 401,834</u>	<u>\$ 2,212,852</u>	<u>\$ 2,708,897</u>	<u>\$ (58,571)</u>	<u>\$ 906,806</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) 2007 restated for debt reallocation.

(2) During 2008, the City acquired the Lake Cities Fire Department from other participating cities. Expenses incurred before and after acquisition are reported in public safety.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007 (1)	2008	2009
General Fund										
Reserved	\$ 3,260,842	\$ 4,554,602	\$ 3,254,610	\$ 2,321,856	\$ 70,996	\$ 60,234	\$ 88,311	\$ 152,119	\$ 185,245	\$ 103,982
Unreserved				650,644	2,835,785	4,016,196	5,574,219	6,038,090	4,559,689	4,337,600
Total General Fund	\$ 3,260,842	\$ 4,554,602	\$ 3,254,610	\$ 2,972,500	\$ 2,906,781	\$ 4,076,430	\$ 5,662,349	\$ 6,190,209	\$ 4,744,934	\$ 4,441,582
All Other Governmental Funds										
Reserved	\$ 1,149,027	\$ 1,360,246	\$ 1,857,159	\$ 2,336,307	\$ 3,158,826	\$ 1,811,859	\$ 1,259,957	\$ 1,517,764	\$ 1,130,120	\$ 2,660,627
Unreserved, Reported In:										
Special Revenue Funds	--	--	--	59,568	32,373	247,791	792,626	1,190,922	1,472,819	1,862,162
Capital Projects Funds	8,807,930	8,410,923	6,123,649	1,698,645	707,092	930,290	1,672,512	9,324,007	10,639,614	7,670,458
Total All Other Governmental Funds	\$ 9,956,957	\$ 9,771,169	\$ 7,980,808	\$ 4,094,520	\$ 3,898,291	\$ 2,989,940	\$ 3,725,095	\$ 12,032,693	\$ 13,242,553	\$ 12,193,247

(1) 2007 restated for debt reallocation.

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

(Unaudited)

	Fiscal Year											
	1999	2000	2001	2002	2003	2004	2005	2006	2007 (1)	2008	2009	
Revenues												
Taxes	3,284,384	4,365,186	5,722,419	6,313,191	7,198,835	8,107,616	8,779,829	9,618,306	9,498,132	10,247,707	10,771,375	
Licenses, Fees and Permits	1,046,199	1,303,793	1,729,410	1,243,710	1,108,403	909,512	916,794	661,652	469,395	400,375	283,232	
Fines and Penalties	230,003	253,877	307,781	233,218	401,998	645,562	393,693	657,395	627,526	670,529	700,857	
Charges for Services	16,890	34,140	39,120	42,465	87,905	212,917	423,299	468,651	782,146	2,639,945	3,256,122	
Special Assessments	172,154	95,440	98,381	725	431	--	--	--	134,798	251,200	114,719	
Intergovernmental	--	--	--	--	--	--	--	64,138	182,512	256,369	97,101	
Investment Earnings	97,776	177,509	180,836	75,210	47,424	27,843	91,574	427,975	562,354	740,741	318,461	
Other Revenues	586,189	151,078	613,836	144,086	24,173	546,344	323,557	433,153	48,776	613,801	99,494	
Total Revenues	5,433,595	6,381,023	8,691,763	8,052,605	8,869,169	10,449,794	10,928,746	12,331,270	12,304,639	15,820,667	15,641,361	
Expenditures												
Public safety	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	8,120,829	7,740,539	
File	--	--	--	--	1,145,958	1,318,659	1,475,376	1,565,570	1,995,931	--	--	
Community services	--	--	--	--	--	--	--	1,722,157	1,662,575	1,888,806	2,309,808	
Culture & Recreation	259,159	498,909	759,170	1,070,709	1,043,990	1,048,510	1,079,253	--	--	--	--	
Public works	--	--	--	--	--	--	--	1,678,825	1,471,635	1,464,051	929,424	
Highways & Streets	953,635	927,986	1,201,901	1,192,125	1,776,434	698,839	1,051,583	--	--	--	--	
Planning and community development	--	--	--	--	--	--	--	584,199	731,568	822,157	855,155	
Community development	511,156	662,296	651,610	534,481	444,553	394,067	350,040	--	--	--	--	
Economic development	--	--	--	--	314,892	246,323	206,577	--	--	--	--	
City administration	--	--	--	--	--	--	--	471,180	573,526	1,237,314	1,498,948	
Finance and administrative services	--	--	--	--	--	--	--	669,849	895,690	705,898	685,409	
General Government	648,081	923,394	1,055,782	1,217,509	1,429,309	1,476,264	2,159,873	--	--	1,185,301	973,949	
Capital Outlay	255,145	226,677	444,194	240,069	173,499	43,033	--	--	--	--	--	
Debt Service	--	--	--	--	--	--	--	--	--	--	--	
Interest	296,707	1,020,490	1,066,865	765,605	1,582,717	870,298	749,545	580,911	501,107	883,984	910,577	
Principal	299,076	755,316	900,924	679,744	741,250	776,750	1,415,000	1,437,500	781,750	1,257,650	1,494,683	
Paying agent fees	--	--	--	--	--	--	4,038	6,478	15,383	5,064	9,366	
Bond issuance costs	--	--	--	--	--	--	--	65,363	149,074	728	1,107	
Total Expenditures	4,368,834	6,573,863	8,343,599	8,470,413	10,488,556	9,030,864	10,644,870	11,314,309	11,461,076	17,571,782	17,408,965	
Excess Over (Under) Expenditures	1,064,761	(192,840)	348,164	(417,808)	(1,619,387)	1,418,930	283,876	938,610	843,563	(1,751,115)	(1,767,604)	
Other Financing Sources (Uses)												
Bonds issued	7,000,000	2,500,000	2,530,000	--	--	--	1,200,000	3,962,400	12,139,950	--	--	
Payments to Escrow Agent	--	--	--	--	--	--	--	(4,025,732)	(4,288,930)	--	--	
Bond premium/discount	--	--	--	--	--	--	36,272	--	187,925	--	--	
Capital Lease	--	--	--	--	--	--	107,346	--	--	--	5,434	
Sale of capital assets	--	--	--	--	--	--	--	--	91,460	--	--	
Transfers In (Out)	--	--	--	--	--	--	--	309,009	(138,510)	1,515,701	360,418	
Total Other Financing Sources (uses)	7,000,000	2,500,000	2,530,000	--	--	--	1,307,346	281,949	7,991,895	1,515,701	365,852	
Net Change in Fund Balances	8,064,761	2,307,160	2,878,164	(417,808)	(1,619,387)	1,418,930	1,591,222	1,298,910	8,835,458	(235,414)	(1,401,752)	
Debt Service As A Percentage Of Noncapital Expenditures	16.90%	38.80%	33.20%	21.30%	29.10%	22.40%	25.30%	21.90%	12.80%	12.80%	15.20%	

(1) 2007 restated.

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
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 (1)	7,291,626	1,539,307	667,199	9,498,132
2008	7,829,553	1,523,963	894,191	10,247,707
2009	8,297,576	1,456,065	1,017,734	10,771,375
Percent Change 2000-2009	305.4%	130.8%	138.8%	247.0%

(1) 2007 restated.

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
2000	\$ 500,357,852	\$ 113,480,924	\$ 1,935,526	\$ 611,903,250	0.5260	\$ 611,903,250	100.000%
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	1,196,414,635	176,068,505	25,555,712	1,346,927,428	0.5570	1,372,483,140	98.138%
2008	1,211,631,679	195,599,938	10,384,265	1,396,847,352	0.5570	1,417,615,882	98.535%
2009	1,187,265,640	190,126,178	16,522,699	1,360,869,119	0.5570	1,393,914,517	97.629%

Source: Denton Central Appraisal District. Actual taxable value for fiscal years 1999-2000 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 Independent School District	Lake Dallas Independent School District	Corinth Municipal Utility District	Denton County
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
2008	0.4474	0.1096	0.5570	1.4900	1.6500	0.3100	0.2358
2009	0.4385	0.1385	0.5770	1.4900	1.6500	0.2100	0.2498

Source: Denton Central Appraisal District

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

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Denton County Electric Coop	\$ 13,703,387	1	0.98%	\$ 8,768,552	1	1.13%
ONCOR Elec Delivery/TXU	12,591,150	2	0.90%			
Corinth Investor Holdings LLC	7,847,237	3	0.56%			
Tower Ridge Corinth I, LTD	7,482,980	4	0.54%			
Utter Properties, LLC	7,084,072	5	0.51%	4,659,020	3	0.60%
Kensington Square LP PS	6,787,200	6	0.49%	3,006,642	4	0.39%
North Tx Nissan Realty, Inc.	5,447,884	7	0.39%			
Utter, Bill	5,220,167	8	0.37%			
HD Supplies LTD #3430	4,915,664	9	0.35%			
Corinth Autumn Oaks, LP	4,415,366	10	0.32%			
Alvertson"s				7,095,518	2	0.91%
Adelphostar Enterprises, LTD				2,417,023	5	0.31%
CoServ Electric Co-op				1,917,367	6	0.25%
Ye Olde Land Co. LTD				1,325,545	7	0.17%
Streetwerks, Inc.				1,292,773	8	0.17%
Exxon Corp.				1,239,045	9	0.16%
State Farm Mutual Auto Ins. Co.				1,228,390	10	0.16%
Total	\$ <u>75,495,107</u>		<u>5.41%</u>	\$ <u>32,949,875</u>		<u>4.25%</u>

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
2000	\$ 3,166,393	\$ 3,039,025	95.98%	\$ 125,414	\$ 3,164,439	99.94%
2001	4,027,701	3,874,706	96.20%	150,249	4,024,955	99.93%
2002	4,999,407	4,930,784	98.63%	65,641	4,996,425	99.94%
2003	5,436,978	5,038,229	92.67%	395,026	5,433,255	99.93%
2004	6,049,602	5,983,684	98.91%	65,036	6,048,720	99.99%
2005	6,595,499	6,463,636	98.00%	126,518	6,590,154	99.92%
2006	6,770,070	6,706,697	99.06%	55,314	6,762,011	99.88%
2007	7,234,271	7,166,741	99.07%	54,348	7,221,089	99.82%
2008	7,497,484	7,428,184	99.08%	24,399	7,452,583	99.40%
2009	8,213,110	8,155,554	99.30%	--	8,155,554	99.30%

Sources: Denton Central Appraisal District

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

	Calendar Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 (1)
Agriculture, Forestry and Fishing	\$ 68,431	\$ 225,309	\$ 288,145	\$ 368,182	\$ 1,701,873	\$ 1,575,004	\$ --	\$ --	\$ --	\$ --
Construction	138,052	1,025,868	2,330,396	3,852,175	564,614	9,503	2,537,401	6,400,892	4,351,614	1,397,454
Manufacturing	895,101	203,668	289,864	358,527	301,795	754,783	4,962,686	2,591,753	2,772,834	2,065,464
Transportation, Communications and Utilities	28,027,521	42,689,585	50,548,742	76,007,439	82,638,801	98,276,725	78,610,397	85,742,334	103,385,801	64,803,250
Wholesale Trade	4,224,189	12,418,261	3,271,874	4,037,199	2,612,741	330,578	6,764,242	3,266,001	2,618,569	1,909,910
Retail Trade	22,389,649	24,658,143	27,929,397	29,002,808	29,599,390	31,313,395	22,303,872	23,723,243	23,956,474	14,962,139
Services	9,584,134	9,454,078	8,669,961	8,947,589	10,032,231	8,732,422	2,295,353	4,163,780	4,513,536	3,516,682
All Other Outlets	--	--	--	--	5,187	5,414,998	23,255,182	16,502,261	16,479,071	13,321,998
Total	\$ 65,327,077	\$ 90,674,912	\$ 93,328,379	\$ 122,573,919	\$ 127,456,632	\$ 146,407,408	\$ 140,729,133	\$ 142,390,264	\$ 158,077,899	\$ 101,976,897
Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Office of the Comptroller of the State of Texas

(1) Due to a reporting time lag from the State Comptroller's Office, sales tax for 2009 reports only the first three 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
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%
2008	1.00%	0.25%	0.50%	0.25%
2009	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 2009				Fiscal Year 2000		
	Number of Filers	Percentage of Total	Tax Received	Percentage of Total	Number of Filers [1]	Tax Received	Percentage of Total
Transportation, Communications and Utilities	18	5.36%	\$ 631,221	63.55%		\$ 81,283	9.98%
Retail Trade	89	26.49%	145,712	14.67%		419,852	51.55%
Other	130	38.69%	129,721	13.06%		--	--
Services	30	8.93%	34,268	3.45%		178,447	21.91%
Construction	18	5.36%	13,608	1.37%		3,176	0.39%
Manufacturing	29	8.63%	20,163	2.03%		122,901	15.09%
Wholesale Trade	22	6.55%	18,574	1.87%		6,597	0.81%
Agriculture, Forestry, and Fishing	--	--	--	--		2,199	0.27%
Total	336	100.01%	\$ 993,267	100.00%		\$ 814,455	100.00%

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 2000.

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			TOTAL PRIMARY GOVERNMENT
	General Obligation Bonds	Certificates of Obligation/Tax Notes	Tax Supported Debt	Percentage of Actual Taxable Value of Property	Per Capita	Capital Leases	Per Capita	
2000	13,980,750	1,140,000	15,120,750	2.47%	1,315	--	1,710	5.61%
2001	13,562,000	1,100,000	14,662,000	1.88%	1,071	--	1,384	4.41%
2002	15,049,000	1,500,000	16,549,000	1.72%	1,047	--	1,302	4.09%
2003	14,437,750	1,355,000	15,792,750	1.50%	933	--	1,153	3.54%
2004	13,796,000	1,200,000	14,996,000	1.32%	852	--	1,015	2.93%
2005	13,121,000	1,640,000	14,761,000	1.24%	829	107,346	881	2.48%
2006	13,257,100	135,000	13,392,400	1.10%	722	87,645	2,001	5.48%
2007	12,599,150	7,888,699	20,379,150	1.58%	1,048	67,098	1,887	5.12%
2008	11,791,500	9,154,333	20,945,833	1.56%	1,066	45,667	1,887	5.12%
2009	10,978,150	8,473,000	19,451,150	1.45%	983	23,314	1,769	4.78%
Business-type Activities								
Fiscal Year	Business-type Activities			Capital Leases	TOTAL PRIMARY GOVERNMENT			
	General Obligation Bonds	Certificates of Obligation	Total Tax Supported Debt			Total Government	Per Capita	
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	3.13%	
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	15,821,301	18,545,850	67,098	38,925,000	2,001	5.48%	
2008	2,413,500	13,620,667	16,034,167	45,667	37,071,334	1,887	5.12%	
2009	2,176,850	13,327,000	15,503,850	23,314	35,001,628	1,769	4.78%	

(1) 2007 restated.

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>
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	12,599,150	1.58%	648
2008	11,791,500	1.42%	600
2009	10,978,150	0.77%	555

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Corinth Municipal Utility District #1	\$ 225,000	100.000%	\$ 225,000
Denton County	375,770,733	2.690%	10,108,233
Denton Independent School District	626,713,437	7.290%	45,687,410
Lake Dallas Independent School District	103,144,287	47.250%	48,735,676
Other Debt			
Denton County capital leases	1,726,199	2.690%	46,435
Denton ISD capital leases	847,131	7.290%	61,756
Lake Dallas ISD capital leases	--	47.250%	--
Subtotal, Overlapping Debt			104,864,510
City Direct Debt			34,955,000
Total Direct and Overlapping Debt			<u>\$ 139,819,510</u>

Source: First Southwest Financial Services

(1) Percentage determined by ratio of entity's property value located within the City's boundaries to total property value.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 43,140,677	\$ 61,190,325	\$ 77,817,544	\$ 96,131,293	\$ 105,374,341	\$ 113,494,261	\$ 118,622,835	\$ 121,504,628	\$ 134,609,581	\$ 142,209,231
Total Net Debt Applicable to Limit	17,734,000	19,664,000	21,480,000	20,565,000	19,777,300	18,405,000	17,245,000	38,925,000	36,980,000	34,955,000
Legal Debt Margin	\$ 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	\$ 89,815,618
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	32.14%	27.60%	21.39%	18.77%	16.22%	14.54%	13.31%	30.24%	26.63%	24.05%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,422,092,306
Debt Limit (10% of Assessed Value)	142,209,231
Debt Applicable to Limit:	
General Obligation Bonds	34,955,000
Less: Amount Set Aside for Repayment of General Obligation Debt	754,084
Net Debt Applicable to Limit	34,200,916
Legal Debt Margin	\$ 108,008,315

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Population [1]	11,500	13,688	15,800	16,919	17,592	17,800	18,550	19,450	19,650	19,788
Median Household Income [2]	\$ 78,345	\$ 80,574	\$ 81,484	\$ 83,714	\$ 85,943	\$ 88,855	\$ 91,266	\$ 93,776	\$ 94,714	\$ 95,696
Per Capita Personal Income [3]	\$ 30,492	\$ 31,360	\$ 31,855	\$ 32,581	\$ 33,449	\$ 34,582	\$ 35,521	\$ 36,498	\$ 36,863	\$ 36,987
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	32	32
Education Level [6]										
<i>High school graduate (or equivalent)</i>	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%
<i>Some college/associate's degree</i>	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
<i>Bachelor's degree</i>	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%
<i>Master's, professional or doctorate</i>	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%
School Enrollment [7]	3,003	3,574	4,126	4,418	4,594	4,648	4,844	5,092	5,144	5,196
Unemployment [8]	2.0%	3.0%	4.7%	5.0%	4.1%	4.2%	3.8%	4.0%	4.8%	4.9%

[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, updated in 2008, www.city-data.com.

[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 September, 2008, for Denton County, Texas based on information from the Bureau of Labor Statistics.

Other Source: City of Corinth of Economic Development

CITY OF CORINTH, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer	2009			2000 [1]		
	Employees	Rank	Percentage of Total City Employment [2]	Employees	Rank	Percentage of Total City Employment
Labinal	713	1	16.44%	--	--	--
CoServ	325	2	7.49%	--	--	--
North Central Texas College	205	3	4.73%	--	--	--
City of Corinth	160	4	3.69%	--	--	--
Albertson's	108	5	2.49%	--	--	--
Bill Utter Ford	110	6	2.54%	--	--	--
Grande Communications	100	7	2.31%	--	--	--
Harley Davidson	50	8	1.15%	--	--	--
Total	<u>1,771</u>		<u>40.84%</u>	<u>--</u>		<u>--</u>

Source: City Economic Development Division

[1] 1999 Employer data is unavailable.

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
City Administration										
City Management	5.0	5.0	5.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Legal	--	--	--	--	--	--	--	1.0	1.0	1.0
Public Safety										
Police	20.0	22.0	22.0	25.0	25.0	26.0	29.0	31.0	31.0	31.0
Animal Control	--	--	--	1.0	1.0	1.5	1.5	1.5	1.5	1.5
Lake Cities Fire Department [2]	--	--	--	39.0	39.0	36.0	38.0	40.0	41.0	41.0
Public Works										
Streets	11.4	12.9	12.9	12.4	5.4	7.4	7.4	7.0	7.0	7.0
Fleet Maintenance	--	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Community Development [3]	13.0	12.0	12.0	9.0	8.0	8.0	5.0			
Planning	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	5.0	5.0
Code Enforcement & Permitting	--	--	--	--	--	3.0	3.0	6.0	6.0	6.0
Community Services	11.0	13.5	14.0	16.0	18.0	17.0	17.0	4.0	4.0	4.0
Municipal Court	3.0	3.0	3.0	3.0	3.0	3.0	4.0	18.3	18.3	18.3
Parks & Recreation										
Finance & Admin. Services										
Finance [4]	7.0	7.0	7.0	6.0	7.0	8.0	5.0	6.0	7.0	7.0
Human Resources	--	--	--	--	--	--	2.0	2.0	3.0	3.0
Information Services	--	--	--	--	--	--	1.0	2.0	2.0	2.0
Water/Wastewater Fund										
Water/Wastewater	20.6	23.1	23.1	26.6	26.6	26.6	23.6	23.0	23.0	23.0
Utility Billing	--	--	--	--	--	--	3.0	3.0	3.0	3.0
Storm Drainage Fund										
Corinth Economic Development Corp.	--	--	--	--	--	3.0	3.0	3.0	3.0	3.0
Crime Control District Fund	--	--	--	--	--	--	--	--	1.0	1.0
	--	--	--	--	--	--	--	--	3.0	3.0
Total	93.0	102.5	103.0	146.0	140.0	146.5	151.5	157.8	164.8	164.8

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 became a wholly integrated department of the City of Corinth on January 18, 2008.

[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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Building Permits - Single Family Home	590	483	345	290	265	176	108	50	18	14
Building Permits - Commercial	13	14	22	16	18	17	9	3	7	2
Police										
Physical Arrests	700	586	431	535	528	713	836	572	565	531
Parking Violations	70	164	75	91	117	105	38	51	22	41
Traffic Violations	5,236	4,391	4,958	5,379	6,471	4,940	8,711	7,102	6,756	5,978
Fire [1]										
Emergency Responses	640	758	708	718	810	921	930	1,089	2,235	2,198
Fires Extinguished	--	33	23	21	18	33	29	42	33	55
Inspections	--	--	--	--	--	--	137	349	330	313
Other Public Works [2]										
Street Resurfacing (miles)	--	--	--	1	1	<1	<1	1	<1	<1
Potholes Repaired	--	--	1,076	1,843	1,265	1,040	461	6,080	1,275	1,110
Parks and Recreation										
Classes offered (hours) [3]	--	--	--	--	669	816	565	526	1,935	1,424
Participants	--	--	--	--	4,419	4,883	4,150	3,758	7,501	7,162
Special events hours [3]	--	--	--	--	123	111	124	117	698	963
Participants	--	--	--	--	18,255	15,639	21,284	22,000	18,187	22,065
Athletic League Participants/Attendees	--	--	--	--	--	--	--	24,880	82,890	83,010
Recreation center general use (hours) [4]	--	--	--	--	4,052	8,735	12,453	15,768	10,072	7,095
Water										
New Connections	640	177	478	382	234	202	131	98	12	15
Water Main Breaks	--	--	--	31	41	37	47	5	11	26
Average Daily Consumption (millions of gallons)	2.14	2.09	2.44	2.79	2.52	3.00	3.55	2.45	2.66	2.60
Peak Daily Consumption (millions of gallons)	6.01	5.81	5.73	8.10	7.15	7.04	7.35	5.59	7.00	6.24
Wastewater										
New Connections	64	22	12	13	2	33	22	151	14	16
Average Daily Sewage Treatment (millions of gallons)	0.49	0.59	0.53	0.52	0.66	0.72	0.67	1.05	1.01	1.05
Upper Trinity Regional Water District [5]	0.74	0.88	0.79	0.78	0.99	1.45	1.25	0.70	0.92	0.84
City of Denton [5], [6]										

[1] In fiscal year 2008, the Lake Cities Fire Department (LCFD) was incorporated into the City of Corinth. Emergency responses include all four cities that the LCFD serves.
 [2] The Corinth Streets Division of Public Works did not track operating indicators prior to fiscal year 2002.
 [3] The information provided for fiscal years 2004 - 2007 reflects the number of classes/special events and not total hours.
 [4] In fiscal year 2007, the City lost the use of Crownover Middle School recreation facilities and reduce hours at the Woods Building recreation center for construction.
 [5] The City transferred some flows from the Denton sewer basin to the Upper Trinity sewer basin beginning February, 2007.
 [6] The City of Denton bills the City based on one, sewage flow meters, and two, areas based on connection count; flows are based on estimates.

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	17	13	12	13	13	18	23	29	18	18
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	72	76	76	78	90	95	100	108	110	110
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	2	2
Parks and Recreation										
Acreage	166	166	182	182	182	182	182	184	184	184
Playgrounds	4	6	8	8	9	10	10	11	11	11
Baseball/Soccer Fields	--	5	5	7	7	7	7	7	8	8
Soccer/Football Fields	--	3	3	6	6	6	6	6	6	6
Recreation Centers	--	1	2	2	2	2	2	2	2	2
Trails (miles)	--	--	--	--	--	11.66	11.66	12.74	12.74	12.74
Water										
Connections	4,970	5,147	5,625	6,007	6,241	6,443	6,574	6,672	6,671	6,719
Water Mains (miles)	--	--	--	--	102	103	105	103	103	105
Fire Hydrants	646	668	680	693	695	728	750	732	732	774
Storage Capacity (millions of gallons)	3.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Subscribed Capacity, UTRWD (mgd)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Wastewater										
Connections	4,544	5,061	5,395	5,715	6,025	6,222	6,267	6,418	6,413	6,452
Sanitary Sewers (miles)	72	72.1	82.0	87.0	94.0	94.0	95.2	93.7	93.7	96.2
Storm Sewers (miles)	13.59	14.08	19.08	21.08	23.06	26.04	30.04	31.00	31.00	33.46
Treatment Capacity, UTRWD (mgd) [1]	1.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82
Treatment Capacity, City of Denton (mgd) [1]	--	--	--	--	--	--	--	--	--	--

Sources: Various city departments

[1] The City of Denton bills the City of Corinth based on one, wastewater flow meters and two, areas based on connection count; the Upper Trinity Regional Water District uses a take-or-pay system of billing in which the member city (Corinth) purchases a peak capacity. UTRWD data is corrected per original contracts.

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