

# *City of Corinth*

## *Comprehensive Annual Financial Report*



*For the fiscal year ended  
September 30, 2011*

# City of Corinth

## Elected Officials



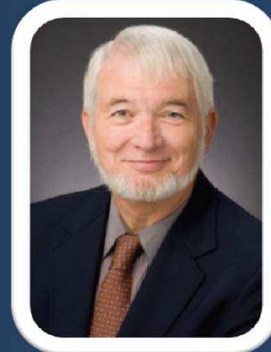
**PAUL RUGGIERE**  
*Mayor*



**JOE HARRISON**  
*Mayor Pro Tem*  
*Council Place IV*



**RANDY GIBBONS**  
*Council Place I*



**JIM MAYFIELD**  
*Council Place II*



**JOHN BOOHER**  
*Council Place III*



**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.

**CITY OF CORINTH**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the fiscal year ended September 30, 2011**



**Jim Berzina**  
**INTERIM CITY MANAGER**

Department of  
Finance & Administrative Services

**Lee Ann Bunselmeyer**  
**Director of Finance**

**Caryn Riggs**  
**Controller**

**Chris Rodriguez**  
**Financial Services Manager**

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**CITY OF CORINTH, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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March 8, 2012

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, 2011. 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.

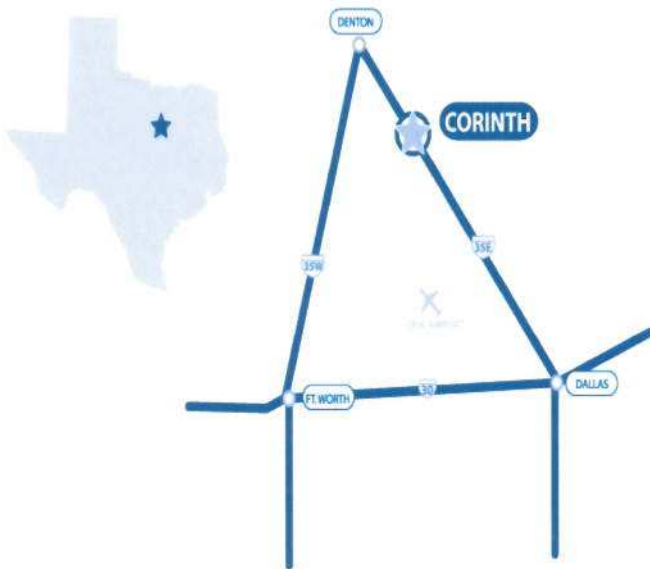
Management's discussion and analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Corinth's MD&A can be found immediately following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

## INDEPENDENT AUDIT

The City of Corinth's financial statements have been audited by 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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component in the financial section of this annual report.

## PROFILE OF THE GOVERNMENT

The City of Corinth, which 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 19,935. 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.

## LOCAL ECONOMY

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

The City of Corinth, as well as the State of Texas, experienced a continued weakening economy in 2011. The overall Texas economy is still considered healthier than most of the country. Figures from the Texas Workforce Commission indicate a local unemployment rate (Denton County) of 6.3 percent. For the same period the Dallas County's unemployment rate was 7.8 percent, the overall state of Texas rate was 7.2 percent and the nation as a whole was 8.3 percent. Although, the Texas housing market declined through the end of 2010, 2011 appears promising as building permits rise. Nationally the housing market continues to struggle.

Corinth continues to rely heavily on property tax to support its continuing operations, with the City being approximately 85 percent residential. Certified property values increased for the 2010 tax year by \$25.1 million, a 1.81 percent decrease over the 2009 certified value, which had also decreased 1.67 percent from 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, the second largest revenue source for the City's General Fund, increased by 7.84% over the prior year's receipts in FY 2009-10. For fiscal year 2011-12, sales tax revenue is projected to increase by an additional 5% over fiscal year 2010-11 receipts. Primarily a residential community, Corinth relies heavily on sales tax from taxes paid on utilities. All sales tax collections are as reported by the Texas Comptroller of Public Account. The City is continuing to work to increase its sales tax base with the Corinth Economic Development Corporation which receives the proceeds from a ½ cent sales tax enacted in 2003. Corinth is currently focused on encouraging commercial development and providing the infrastructure required to support it.

With the opening of the newly, redesigned streets, there is a renewed interest in the commercial property bounded by these and along the I-35E frontage road. Listed below are just a few of the highlights.

- The Boulevard Apartments is a 193 unit, up-scale, urban-professional complex. The Boulevard's 4,044 square foot clubhouse features a first class athletic center, Wi-Fi media lounge and opens out to a spectacular resort style salt water pool. The property includes a private jogging trail and a pond with fountains. Leasing at the Boulevard began October 2011.
- Star Nephrology and Liberty Dialysis LLC will begin constructing their new offices and dialysis clinic located at 3400 Corinth Pkwy next to Corinth City Hall. The construction plans for both have been submitted to the city for review and permitting. Star Nephrology will be a 1,591sf doctor's office suite and Liberty Dialysis will occupy the remaining portion of the building with a 7,395sf dialysis treatment center.

These new developments are drawing more interest in Corinth from other apartment, restaurant and commercial developers as the DFW area and Texas economy continues to grow.

## **MAJOR INITIATIVES**

During 2010-11 the City of Corinth continues its focus on maintaining or increasing reserve balances for emergencies to provide stability and flexibility for the organization. The reserve requirement was established at a level of 20% of budgeted expenditures for the General Fund and 25% of budgeted expenditures for the Utility Fund. The unassigned fund balance is \$4,552,509, or 37% of annual budgeted expenditures for the General Fund and the appropriable fund balance of \$4,023,387 million or 36% for the Utility Fund for the fiscal year ended September 30, 2011.

For the second year, the demand for City services continues to increase. The issues associated with rising demand and scarce resources to maintain service levels for police, fire, utilities, streets, parks, and other programs were numerous and complex. That being said, all efforts were made to minimize the effects to the quality of service to the citizens.

Vehicle replacement and adequate funding for vehicle maintenance was the major initiative for the City. In FY 2010-11, the City replaced three patrol vehicles, two Park Maintenance trucks, one Animal Control Truck, one Water Operations vehicles, and two street maintenance vehicles. Additional funding for vehicle maintenance was included for fire, parks, fleet, streets, and community development.

## **BUDGETARY CONTROLS**

The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by State law, City Charter, and Council Ordinances. All departments of the City of Corinth are required to submit requests for appropriation to the City Manager based on a budget calendar issued annually. The City Manager uses these requests as the starting point for developing the proposed budget. The proposed budget is then presented to the City Council for review prior to approval and adoption. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, 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.

## **CASH MANAGEMENT POLICIES AND PRACTICES**

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

Annually, the City reviews and updates the Investment policy. The purpose of the investment policy is to set forth specific investment policy and strategy guidelines for the City in order to safeguard assets with a minimal amount of risk, while maintaining the necessary level of liquidity and maximizing the yield on investments. Accordingly, all of the City's deposits are either insured by the Federal Deposit Insurance Corporation or are collateralized by governmental securities. The maturities of the investments range from 30 days to 36 months, with an average maturity of approximately 243 days. On September 30, 2011, the annualized yield on investments was .61 percent, compared to 1.02 percent for the same period in 2010. Funds available for investment at September 30, 2011 were \$20.4 million, which is a decrease of \$5.2 million in 2010. The decrease in portfolio balance is due to water, wastewater, and street capital project expenditures.

## **PENSION AND OTHER POST-EMPLOYMENT BENEFITS**

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

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Corinth for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2010. This was the second consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2010. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The City's Finance Department was recognized as a Gold Medal recipient of the 2011 Texas Leadership Circle Award presented by the Texas Comptroller. The Comptroller Leadership Circle encourages and applauds local governments across Texas that are striving to meet a high standard for financial transparency online by opening their books to the public, providing clear, consistent pictures of spending and sharing information in a user-friendly format. The City of Corinth received the Gold Medal which highlights those entities that are setting the bar with their transparency efforts.

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, PC. 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

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Corinth  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

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



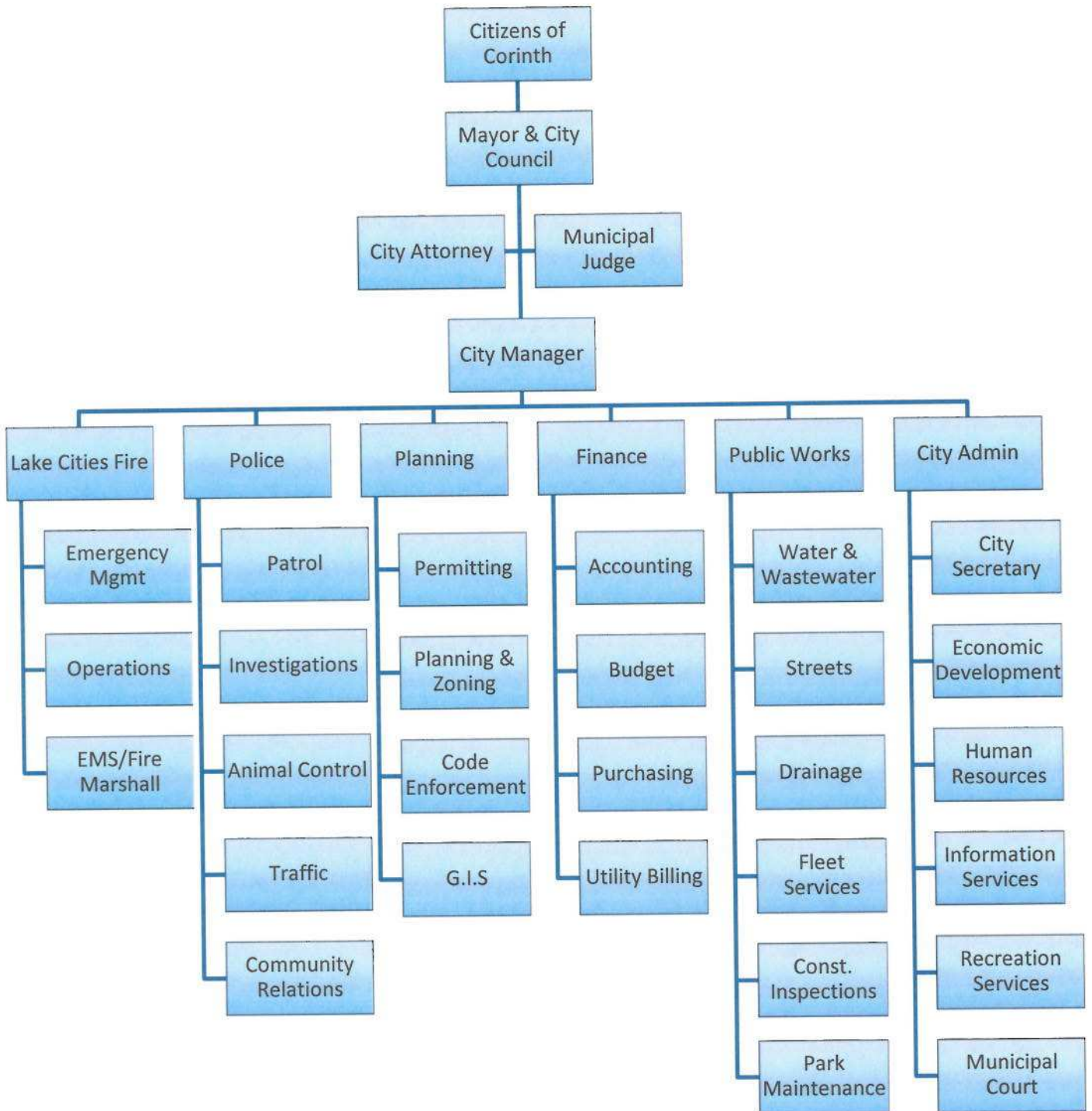
*Linda C. Davidson*

President

*Jeffrey R. Emer*

Executive Director

# ORGANIZATIONAL CHART



**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

Lee Ann Bunselmeyer  
Director of Finance

Justin Brown  
Director of Public Works  
and Parks Maintenance

Fred Gibbs  
Director of Planning and  
Community Development

Wayne Boling  
Director of Economic  
Development

Curtis Birt  
Fire Chief

Debra Bradley  
Chief of Police



**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, 2011, 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, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 19 and 61 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corinth, Texas financial statements as a whole. 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 financial statements. The required supplementary information and the combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

  
March 8, 2012

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**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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, 2011. The Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the City's financial activity, to identify changes in the City's financial position and to identify any material deviations from the financial plan. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is included in this report.

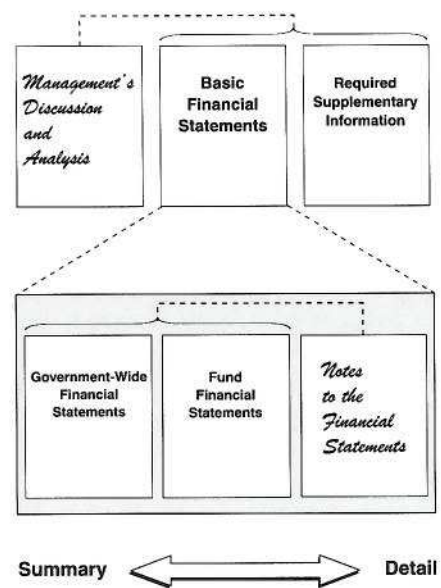
**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$76,142,825 (*net assets*).
- The government's total net assets, increased \$3,161,715 from 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 \$10,098,895, a decrease of \$2,469,380 in comparison with the prior year. Of the combined ending balances, \$4,283,651 or 42 percent is available for spending within the City's guidelines (*unassigned fund balance*).
- The City's unassigned fund balance for the general fund was \$4,552,509, or 37 percent of total general fund expenditures.
- The City's long term liabilities of \$33,343,991 decreased \$2,288,736 during fiscal year 2011. The decrease reflects the principal portion of debt payments.

**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:

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



- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the 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.

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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

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

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

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

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Corporation as a component unit for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 23 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Corinth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

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

The City of Corinth report eighteen 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 CO Streets fund, which are considered to be major funds. Data from the non-major governmental funds are combined into a single aggregated presentation. Fund data for the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Corinth adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found starting on page 23 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 \$76,142,825 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, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Corinth uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Corinth's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12,713,524) may be used to meet the City's ongoing obligations to citizens and creditors. The City currently has \$21,177,328 available in cash and investments that may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year the City of Corinth is able to report positive balances in the government-wide as a whole and the business-type activities.

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**TABLE I**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 13,151,318	\$ 14,999,495	\$ 13,378,569	\$ 14,975,823	\$ 26,529,887	\$ 29,975,318
Capital assets	59,098,867	56,322,880	26,997,844	26,223,645	86,096,711	82,546,525
Total assets	72,250,185	71,322,375	40,376,413	41,199,468	112,626,598	112,521,843
Long-term liabilities outstanding	19,529,183	20,439,024	13,814,808	15,193,703	33,343,991	35,632,727
Other liabilities	1,927,695	1,627,462	1,212,087	2,375,327	3,139,782	4,002,789
Total liabilities	21,456,878	22,066,486	15,026,895	17,569,030	36,483,773	39,635,516
Net assets:						
Invested in capital assets, net of related debt	41,537,428	39,858,647	19,490,897	17,746,701	61,028,325	57,605,348
Restricted	1,825,248	6,713,859	-	-	1,825,248	6,713,859
Unrestricted	7,430,631	2,683,383	5,858,621	5,883,737	13,289,252	8,567,120
Total net assets	\$ 50,793,307	\$ 49,255,889	\$ 25,349,518	\$ 23,630,438	\$ 76,142,825	\$ 72,886,327

**Government-wide activities.** As shown below, governmental activities increased net assets by \$1,442,636 business-type activities increased net assets by \$1,719,079. A detailed examination of all the elements effecting net assets can be found in Table II.

**TABLE II**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2009
Revenues:						
Program revenues						
Charges for services	\$ 4,606,339	\$ 4,534,788	\$ 12,774,251	\$ 11,681,177	\$ 17,380,590	\$ 16,215,965
Operating grants and contributions	152,477	166,836	-	-	152,477	166,836
Capital grants and contributions	858,404	1,243,666	1,303,744	1,255,490	2,162,148	2,499,156
General revenues						
Property taxes	8,236,635	8,117,648	-	-	8,236,635	8,117,648
Sales taxes	1,591,901	1,463,459	-	-	1,591,901	1,463,459
Franchise taxes	1,083,786	919,700	-	-	1,083,786	919,700
Other taxes	-	-	-	-	-	-
Investment interest	98,465	207,718	75,308	157,497	173,773	365,215
Miscellaneous	34,555	20,054	31,858	355,428	66,413	375,482
Total Revenues	\$ 16,662,562	\$ 16,673,869	\$ 14,185,161	\$ 13,449,592	\$ 30,847,723	\$ 30,123,461
Expenses:						
Public safety	7,454,086	7,716,433	-	-	7,454,086	7,716,433
Community services	1,713,873	1,979,094	-	-	1,713,873	1,979,094
Public works	4,268,961	4,152,860	-	-	4,268,961	4,152,860
Planning and community development	709,683	875,457	-	-	709,683	875,457
City administration	1,663,492	1,876,455	-	-	1,663,492	1,876,455
Finance and administrative services	634,749	688,069	-	-	634,749	688,069
Interest on long-term debt	809,445	920,663	-	-	809,445	920,663
Water and wastewater	-	-	9,981,826	10,261,683	9,981,826	10,261,683
Drainage	-	-	449,894	527,768	449,894	527,768
Total Expenses	\$ 17,254,289	\$ 18,209,031	\$ 10,431,720	\$ 10,789,451	\$ 27,686,009	\$ 28,998,482
Increase (decrease) in net assets before transfers, contributions and special items	(591,727)	(1,535,162)	3,753,441	2,660,141	3,161,714	1,124,979
Special Item inflow/(Outflow)	(700,000)	-	700,000	-	-	-
Net transfers	2,734,363	550,426	(2,734,363)	(550,426)	-	-
Increase (decrease) in net assets	1,442,636	(984,736)	1,719,078	2,109,715	3,161,714	1,124,979
Net assets - beginning, as restated (see Note I.E.)	49,255,891	52,507,185	23,630,440	21,520,725	72,886,331	74,027,910
Prior period adjustment	94,780	(2,266,558)	-	-	94,780	(2,266,558)
Net assets - ending	\$ 50,793,307	\$ 49,255,891	\$ 25,349,518	\$ 23,630,440	\$ 76,142,825	\$ 72,886,331

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

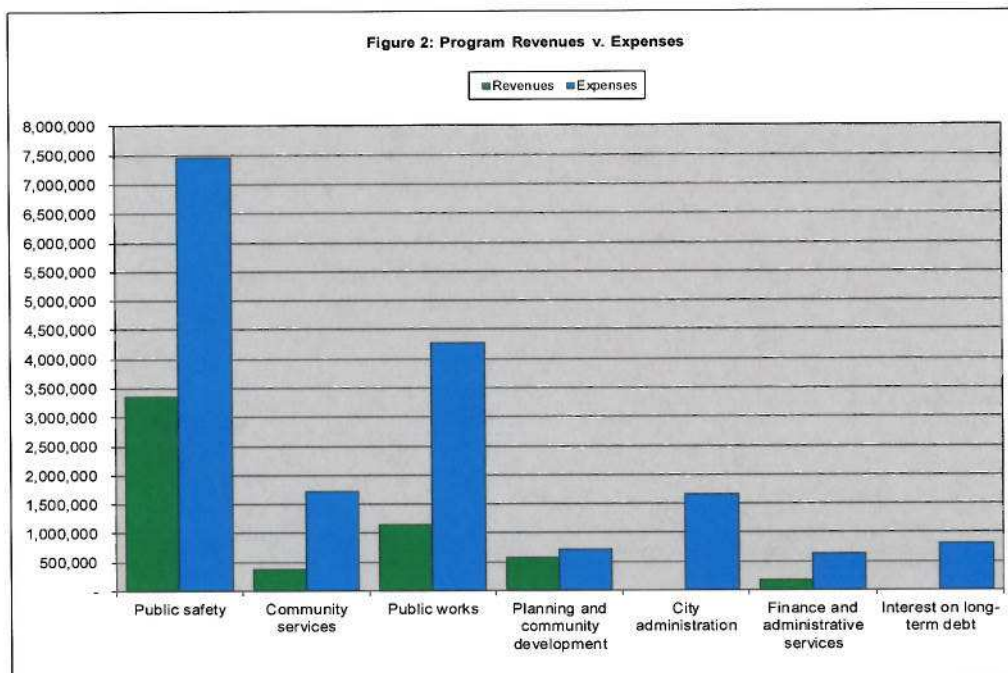
**City of Corinth's Changes in Net Assets.** The City's governmental funds decreased fund balance by \$2,469,380. The decrease can be attributed to the use of funds in the 2007 CO Streets fund, the 2007 CO Tech fund, and the 2010 CO Fire Fund for Capital Improvement Projects. Net assets, as part of the government-wide reports, are reported on a full-accrual basis. The reconciliation between the overall decrease to governmental fund balances and the \$1,442,636 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 an expenditure in the funds but not an expense in the statement of activities.
- Bond proceeds are reported as current resources in the funds but are not reported as revenue in the statement of activities.

Exhibit A-6 on page 33 provides a detailed reconciliation between the statement of activities and the statement of revenues, expenditures and changes in fund balances of governmental funds.

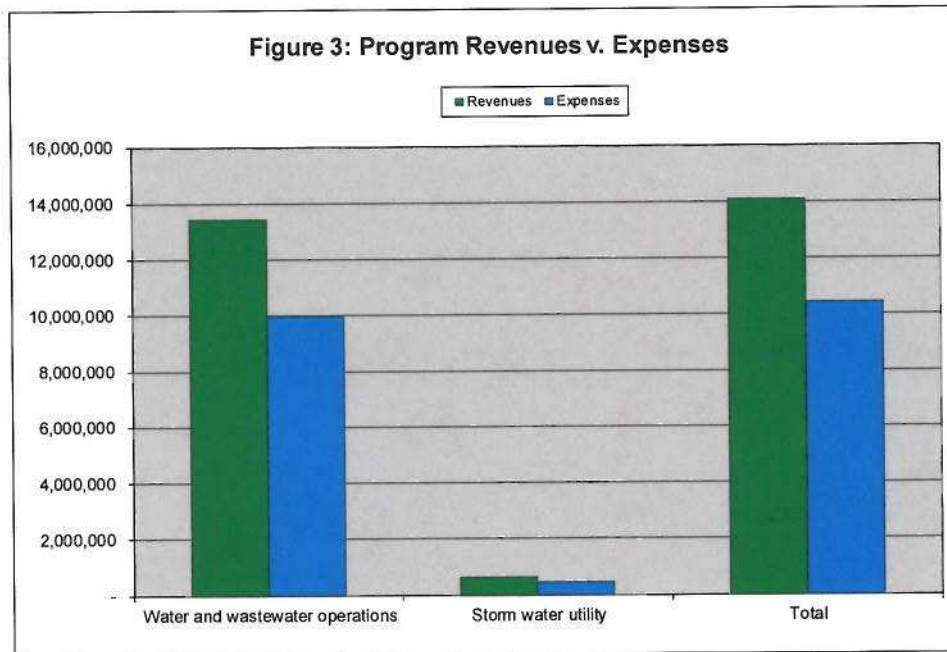
**Governmental Activities.** Public safety, community services, public works, and planning and community development account for 82% of the expenditures for the governmental activities. City administration, finance and administrative services and interest on long-term debt account for the remaining 18% of total expenses. These expenses were funded by revenues collected from a variety of sources. Property taxes produced \$8,236,635 or 49 percent, Charges for services accounted for \$4,606,339 or 28%, sales taxes was \$1,591,901 or 10%, franchise taxes provided \$1,083,786 or 7%, and capital grants and contributions provided \$858,404 or 5% of the revenues for the governmental activities. The remaining 2% of revenue is made up of operating grants and contributions, investment interest and other miscellaneous revenue. Figure 2 provides a graphic representation of the City's expenditures and any directly related revenues by source.



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**Business-type Activities.** Business-type activities increased the City's net assets by \$1,719,079. A key element of this increase is charges for services, emerging as a major revenue source for the Water and Wastewater fund producing \$12,221,335 and Storm water utility producing \$552,916 in revenue. Charges for services account for 74% of the revenue. Contributions of assets arising from new property development within the City, totaled \$1,303,744 in revenue. The remaining .6 percent of revenue is made up of investment interest and other miscellaneous revenue.

Total revenue from water and wastewater sales and services was \$12,221,335; associated costs of water, wastewater treatment, and operations and maintenance accounted for \$9,981,826 of the total business-type expenses of \$10,431,720. The remaining \$449,894 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$552,916 in revenue. The following chart (Figure 3) provides a graphic representation of the City's business-type expenses and any directly related revenues by source.



**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 \$10,098,895, a decrease of \$2,469,380 in comparison with the prior year. The net decrease in combined ending fund is due to the following: a net increase in the general fund balance of \$800,932, a net increase in the debt service fund of \$495,828, a net decrease in the 2007 CO Streets fund of \$3,042,858, and a net decrease of \$723,282 in other governmental funds.

Of the combined total governmental fund balances of \$10,098,895, \$4,552,509 (45 percent) reflects the general fund *unassigned* fund balance which is available for spending at the government's discretion. The fund balance that is designated as *restricted* is not available for new spending due to debt service, \$1,288,069, restrictions and constructions contracts, \$3,139,690. The fund balance that is designated as *committed*, \$1,170,771



**CITY OF CORINTH, TEXAS  
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SEPTEMBER 30, 2011**

represents those amounts committed to liquidate contracts or encumbrances. The fund balance amount designated as *nonspendable* is for prepaid items, \$11,416, and inventories, \$205,297.

*General Fund.* The general fund is the chief operating fund of the City of Corinth. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$4,552,509 while total fund balance reached \$4,769,223. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures for the fiscal year. Unassigned fund balance represents 37 percent of total general fund expenditures, while total fund balance represents 39 percent of that same amount.

This year, in the general fund, revenues were more than expected by a total of \$568,454. Property Tax and Recreation Fees collected were less than budget by \$61,314 and \$46,160, respectively. Sales Tax, Franchise Tax, Fees and Permits, Fines and forfeitures and Fire Services were above budget by \$129,411, \$106,418, \$294,134, \$10,286 and \$107,142, respectively. The City budgeted for no growth in fiscal year 2011. While revenues were over budget; expenditures were under budget by \$399,582. The net effect, however, at year end was an excess of \$968,036 of revenues over expenditures in the general fund.

*Debt Service Fund.* As part of the budgetary process, the government enacts a dedicated property tax for debt service each fiscal year. The debt service fund has a total fund balance of \$1,288,069, all of which is restricted for the payment of debt service.

*2007 CO Streets Fund.* This 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 non-major governmental funds are the Crime Control and Prevention fund, Street Maintenance fund, Insurance and Risk fund, Hotel-Motel Tax fund, Special Revenue fund, Municipal Court Security fund, Municipal Court Technology fund, Parks Development fund, Elm Fork Trails Grant fund, Roadway Impact Fee fund, Vehicle Replacement fund, Street Escrow fund, 2004 Tax Note fund, 2007 CO Tech fund, and the 2010 CO Fire fund. Each of these funds is used to account for revenues and expenditures related to specific purposes.

- The Corinth Crime Control and Prevention District is a special sales tax of \$.0025 levied for crime control and prevention within the City. Sales tax collections were \$12,347 more than budgeted, interest earnings were more than budgeted by \$230 and expenditures were \$29 less than budgeted. The budgeted use of fund balance was \$55,545, due to the increase in revenues more than the increase in expenditures, the use of fund balance was \$39,902.
- The Street Maintenance Sales Tax fund accounts for the collection of a special sales tax of \$.0025. Sales tax collections were more than budgeted by \$32,104, interest earnings were more than budgeted by \$2,763 and budgeted expenditures were less than budget by \$167,022, which combined increased fund balance by \$175,889.

**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 assets of \$35,221,047 exceeded liabilities of \$12,582,498, reporting net assets of \$22,638,549. The net non-operating revenues and expenses were (\$459,729), 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 \$558,553 of interest expenses. Unrestricted net assets for the water and wastewater fund increased from \$4,497,399 in fiscal year 2010 to \$5,082,758 for fiscal year 2011.

Storm water utility fund assets of \$5,155,366 exceeded liabilities of \$2,444,397, leaving total net assets of \$2,710,969. Total net assets increased \$391,514, unrestricted net assets decreased from \$1,386,338 to \$775,863. The storm water utility reported operating income of \$219,170 in fiscal year 2011. Net non-operating revenues and expenses were (\$107,808) which includes \$4,342 in interest income.

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

For fiscal year 2010-11, General Fund actual expenditures (including transfers) were \$12,479,131 compared to the final budget of \$12,878,713. The \$399,582 variance was primarily due to reduced costs of \$103,459 for the city administration, \$24,687 due to reduced costs for public safety, reduced costs of \$57,742 for public works and \$158,407 due to reduced costs for parks and recreation. Actual revenue (including transfers) was \$13,280,063 million compared to the final budget of \$12,709,802. Of the \$570,261 revenue variance, approximately \$129,411 was due to increased sales tax collection, \$106,418 for increased franchise fees, \$107,142 for increased fire service charges, and \$294,134 for increased development fees and permits. Like many cities in the area and around the nation, the city experienced an upturn in the current economic conditions.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City of Corinth's investment in capital assets for its governmental and business type activities as of September 30, 2011, amounts to \$86,096,711 (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, 2011.

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,238,623	\$ 1,459,222	\$ 466,389	\$ 1,164,316	\$ 2,705,012	\$ 2,623,538
CIP	690,692	6,444,045	2,549,877	6,227,869	3,240,569	12,671,914
Buildings	4,656,295	4,697,063	114,999	122,136	4,771,294	4,819,199
Machinery and equipment	2,941,603	2,680,816	459,451	535,104	3,401,054	3,215,920
Infrastructure	48,571,654	41,041,734	23,407,128	18,174,220	71,978,782	59,215,954
Total capital assets	\$ 59,098,867	\$ 56,322,880	\$ 26,997,844	\$ 26,223,645	\$ 86,096,711	\$ 82,546,525

Readers desiring more detailed information on capital asset activity should see note III.C. in the Notes to Basic Financial Statements on page 48.

**Long-term debt.** At the end of the current fiscal year, The City had total bonded debt outstanding of \$32,230,000 consisting of General Obligation Bonds and Certificates of Obligation. All debt payments were made when due. Outstanding debt decreased in fiscal year 2011 by \$2,120,000 (see Note III.E.).

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 9,082,075	\$ 10,106,450	\$ 1,777,925	\$ 1,923,550	\$ 10,860,000	\$ 12,030,000
Certificates of Obligation and Tax Notes	9,632,000	9,364,000	11,738,000	12,956,000	21,370,000	22,320,000
Total outstanding debt	\$ 18,714,075	\$ 19,470,450	\$ 13,515,925	\$ 14,879,550	\$ 32,230,000	\$ 34,350,000

Additional information on the City's long-term debt can be found in this report in the notes to the financial statements on page 50.

Moody's Investor's Service, Inc. has given the city's General Obligation Bond and the Certificates of Obligation a rating of "A2". Standard and Poor's Corporation has given both the City's General Obligation and Certificates of Obligation an "AA-" rating. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2011**

\$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to certified assessed value of all taxable property is 20.53 percent.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Corinth continues to rely heavily on property tax to support its continuing operations, with the City being approximately 85 percent residential. Taxable assessed property values increased for the 2010 tax year by \$25.1 million, a 1.81 percent increase over the 2009 certified value, which had decreased 1.67 percent from the previous year. 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, the second largest revenue source for the City's General Fund, increased over the prior year's receipts in FY 2010-11. For fiscal year 2011-12, sales tax revenue is projected to increase by a 5% over fiscal year 2010-11 receipts. Primarily a residential community, Corinth relies heavily on sales tax from taxes paid on utilities. All sales tax collections are as reported by the Texas Comptroller of Public Account. 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.

The budget demonstrated signs that a recovery may be starting to occur. The city experienced significant increases in development fines & fees and sales tax during FY 2010-11. Additionally, all other revenues held firm. Departments limited their requests for funds and absorbed increased demands for service with reduced staffing and support. The budget reflected the commitment to deliver quality service through carefully planned resource allocations.

The City Council approved a tax rate of \$.59292 for fiscal year 2012. General operations and maintenance will receive \$.44946 of the total and the remaining \$.14346 and a budgeted use of debt service fund balance will fund long-term debt of the City. Additionally, the City Council approved a three year rate plan for water, wastewater, and storm drainage in April 2011. The plan included a rate increase for wastewater and storm drainage, and a decrease in rates for water.

**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.

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## BASIC FINANCIAL STATEMENTS

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**CITY OF CORINTH, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<i>Cash</i>	\$ 1,659,031	\$ 818,091	\$ 2,477,122	\$ 329,803
<i>Investments</i>	8,473,500	10,226,706	18,700,206	1,856,119
<i>Receivables (net of allowances for uncollectibles):</i>	2,648,153	2,042,739	4,690,892	115,551
<i>Inventories</i>	205,297	192,306	397,603	--
<i>Prepaid items</i>	11,416	--	11,416	--
<i>Deferred charges</i>	153,921	98,727	252,648	--
Capital assets not being depreciated:				
<i>Land</i>	2,238,623	466,389	2,705,012	--
<i>Construction in progress</i>	690,692	2,549,877	3,240,569	--
Capital assets (net of accumulated depreciation):				
<i>Buildings</i>	4,656,295	114,999	4,771,294	--
<i>Machinery and equipment</i>	2,941,603	459,451	3,401,054	--
<i>Infrastructure</i>	48,571,654	23,407,128	71,978,782	--
<b>Total Assets</b>	<b>72,250,185</b>	<b>40,376,413</b>	<b>112,626,598</b>	<b>2,301,473</b>
<b>LIABILITIES:</b>				
<i>Accounts payable</i>	188,228	626,315	814,543	38
<i>Accrued liabilities</i>	116,701	20,325	137,026	1,993
<i>Accrued interest payable</i>	100,144	86,457	186,601	--
<i>Municipal court bonds</i>	1,508	--	1,508	--
<i>Customer meter deposits</i>	--	478,990	478,990	--
<i>Other liabilities</i>	829,955	--	829,955	2,706
<i>Unearned revenue</i>	691,159	--	691,159	--
Noncurrent Liabilities:				
<i>Due within one year</i>	1,865,915	756,519	2,622,434	7,743
<i>Due in more than one year</i>	17,663,268	13,058,289	30,721,557	--
<b>Total Liabilities</b>	<b>21,456,878</b>	<b>15,026,895</b>	<b>36,483,773</b>	<b>12,480</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	41,537,428	19,490,897	61,028,325	--
Restricted For:				
Debt Service	1,323,790	--	1,323,790	--
Capital Projects	501,458	--	501,458	--
Unrestricted	7,430,631	5,858,621	13,289,252	2,288,993
<b>Total Net Assets</b>	<b>\$ 50,793,307</b>	<b>\$ 25,349,518</b>	<b>\$ 76,142,825</b>	<b>\$ 2,288,993</b>

The accompanying notes are an integral part of this statement.

**CITY OF CORINTH, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
<i>Public safety</i>	\$ 7,454,086	\$ 3,218,248	\$ 88,051	\$ 45,966
<i>Community services</i>	1,713,873	305,958	64,426	--
<i>Public works</i>	4,268,961	340,413	--	812,438
<i>Planning and community development</i>	709,683	564,447	--	--
<i>City Administration</i>	1,663,492	--	--	--
<i>Finance and administrative services</i>	634,749	177,273	--	--
<i>Interest on long-term debt</i>	809,445	--	--	--
Total Governmental Activities	<u>17,254,289</u>	<u>4,606,339</u>	<u>152,477</u>	<u>858,404</u>
Business-type Activities:				
Water and Sewer	9,981,826	12,221,335	--	1,234,947
Storm Drainage	449,894	552,916	--	68,797
Total Business-type Activities	<u>10,431,720</u>	<u>12,774,251</u>	<u>--</u>	<u>1,303,744</u>
Total Primary Government	<u>\$ 27,686,009</u>	<u>\$ 17,380,590</u>	<u>\$ 152,477</u>	<u>\$ 2,162,148</u>
<b>COMPONENT UNIT:</b>				
Economic Development Corporation	\$ 291,414	\$ --	\$ --	\$ --

General Revenues:	
<i>Property taxes</i>	
<i>Sales taxes</i>	
<i>Franchise taxes</i>	
<i>Miscellaneous income</i>	
<i>Unrestricted investment earnings</i>	
<i>Gain on sale of capital assets</i>	
<i>Special item inflow</i>	
<i>Special item outflow</i>	
<i>Transfers</i>	
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
\$ (4,101,821)		\$ (4,101,821)	
(1,343,489)		(1,343,489)	
(3,116,110)		(3,116,110)	
(145,236)		(145,236)	
(1,663,492)		(1,663,492)	
(457,476)		(457,476)	
(809,445)		(809,445)	
<u>(11,637,069)</u>		<u>(11,637,069)</u>	
	\$ 3,474,456	3,474,456	
	171,819	171,819	
	3,646,275	3,646,275	
<u>(11,637,069)</u>	<u>3,646,275</u>	<u>(7,990,794)</u>	
			\$ (291,414)
8,236,635	--	8,236,635	--
1,591,901	--	1,591,901	528,205
1,083,786	--	1,083,786	--
34,555	31,281	65,836	45
98,465	75,308	173,773	14,202
--	578	578	--
--	700,000	700,000	--
(700,000)	--	(700,000)	--
2,734,363	(2,734,363)	--	--
13,079,705	(1,927,196)	11,152,509	542,452
1,442,636	1,719,079	3,161,715	251,038
49,255,891	23,630,439	72,886,330	2,037,955
94,780	--	94,780	--
<u>\$ 50,793,307</u>	<u>\$ 25,349,518</u>	<u>\$ 76,142,825</u>	<u>\$ 2,288,993</u>

**CITY OF CORINTH, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
<i>Cash</i>	\$ 4,872	\$ 8,720
<i>Investments</i>	4,495,960	1,275,312
Receivables (net of allowances for uncollectibles):		
<i>Property taxes</i>	68,470	23,054
<i>Sales taxes</i>	228,927	--
<i>Accounts</i>	35,235	16,549
<i>Interest</i>	4,081	156
<i>Warrants</i>	1,560,778	--
<i>Ambulance</i>	98,216	--
<i>Miscellaneous</i>	269,506	--
<i>Due from other governments</i>	193,065	--
<i>Due from other funds</i>	--	--
<i>Inventories</i>	205,297	--
<i>Prepaid items</i>	11,416	--
	<u>7,175,823</u>	<u>1,323,791</u>
<b>Total Assets</b>	<b>\$ 7,175,823</b>	<b>\$ 1,323,791</b>
<b>LIABILITIES:</b>		
<i>Accounts payable</i>	\$ 126,625	\$ --
<i>Accrued liabilities</i>	114,215	--
<i>Municipal court bonds</i>	1,508	--
<i>Due to other funds</i>	321,675	--
<i>Other liabilities</i>	807,346	--
<i>Deferred revenue</i>	1,035,231	35,722
	<u>2,406,600</u>	<u>35,722</u>
<b>Total Liabilities</b>	<b>2,406,600</b>	<b>35,722</b>
<b>Fund Balances:</b>		
<i>Nonspendable</i>	216,714	--
<i>Restricted</i>	--	1,288,069
<i>Committed</i>	--	--
<i>Unassigned</i>	4,552,509	--
<b>Total Fund Balances</b>	<u>4,769,223</u>	<u>1,288,069</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,175,823</b>	<b>\$ 1,323,791</b>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

2007 CO Streets Fund	Other Governmental Funds	Total Governmental Funds
\$ 63,649	\$ 1,567,791	\$ 1,645,032
1,103,033	1,599,195	8,473,500
--	--	91,524
--	100,664	329,591
--	--	51,784
1,081	669	5,987
--	--	1,560,778
--	--	98,216
--	47,702	317,208
--	--	193,065
--	321,675	321,675
--	--	205,297
--	--	11,416
<u>\$ 1,167,763</u>	<u>\$ 3,637,696</u>	<u>\$ 13,305,073</u>
\$ 20,052	\$ 41,551	\$ 188,228
--	2,485	116,700
--	--	1,508
--	--	321,675
--	8,609	815,955
--	691,159	1,762,112
<u>20,052</u>	<u>743,804</u>	<u>3,206,178</u>
--	--	216,714
1,147,711	1,723,121	4,158,901
--	1,170,771	1,170,771
--	--	4,552,509
<u>1,147,711</u>	<u>2,893,892</u>	<u>10,098,895</u>
<u>\$ 1,167,763</u>	<u>\$ 3,637,696</u>	<u>\$ 13,305,073</u>

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**CITY OF CORINTH, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2011

Total fund balances - governmental funds balance sheet	\$ 10,098,895
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.	59,098,867
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	75,409
Payables for bond principal which are not due in the current period are not reported in the funds.	(18,824,278)
Payables for bond interest which are not due in the current period are not reported in the funds.	(100,144)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(704,905)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	153,921
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	846,752
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	98,216
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	16,549
Liens receivable unavailable to pay for current period expenditures are deferred in the funds.	34,025
Net assets of governmental activities - Statement of Net Assets	<u>\$ 50,793,307</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, 2011

	General Fund	Debt Service Fund
Revenue:		
Taxes:		
<i>Property</i>	\$ 6,244,539	\$ 1,991,395
<i>Sales</i>	1,067,987	--
<i>Hotel occupancy tax</i>	--	--
<i>Franchise</i>	1,083,786	--
<i>Escrow and impact fees</i>	--	--
<i>Utility fees</i>	20,668	--
<i>Traffic fines and forfeitures</i>	607,136	--
<i>Development fees &amp; permits</i>	514,834	--
<i>Police fees &amp; permits</i>	26,298	--
<i>Parks &amp; recreation fees</i>	159,993	--
<i>Fire services</i>	2,277,955	--
<i>Donations</i>	40	--
<i>Grants</i>	--	--
<i>Interest income</i>	63,185	10,441
<i>Miscellaneous income</i>	42,565	--
<i>Charges for services</i>	269,635	--
Total revenues	<u>12,378,621</u>	<u>2,001,836</u>
Expenditures:		
Current:		
<i>Public safety</i>	7,088,578	--
<i>Community services</i>	1,594,788	--
<i>Public works</i>	816,586	--
<i>Planning and community development</i>	669,510	--
<i>City Administration</i>	1,411,962	--
<i>Finance and administrative services</i>	614,157	--
<i>Capital Outlay</i>	--	--
Debt Service:		
<i>Principal</i>	--	1,456,375
<i>Interest</i>	--	847,405
Total Expenditures	<u>12,195,581</u>	<u>2,303,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>183,040</u>	<u>(301,944)</u>
Other Financing Sources (Uses):		
<i>Transfers in</i>	901,442	797,772
<i>Transfers out</i>	(283,550)	--
Total Other Financing Sources (Uses)	<u>617,892</u>	<u>797,772</u>
Net Change in Fund Balances	800,932	495,828
Fund Balances - Beginning	3,873,511	792,241
Prior Period Adjustment	94,780	--
Fund Balances - Ending	<u>\$ 4,769,223</u>	<u>\$ 1,288,069</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

2007 CO Streets Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 8,235,934
--	484,473	1,552,460
--	39,441	39,441
--	--	1,083,786
--	336,528	336,528
--	--	20,668
--	27,005	634,141
--	--	514,834
--	33,243	59,541
--	197	160,190
--	--	2,277,955
812,438	152,353	964,831
--	47,776	47,776
10,481	14,357	98,464
41	117,922	160,528
--	--	269,635
<u>822,960</u>	<u>1,253,295</u>	<u>16,456,712</u>
--	985,043	8,073,621
--	157,477	1,752,265
--	823,988	1,640,574
--	30,076	699,586
--	42,469	1,454,431
--	--	614,157
4,957,827	164,214	5,122,041
--	--	1,456,375
--	--	847,405
<u>4,957,827</u>	<u>2,203,267</u>	<u>21,660,455</u>
(4,134,867)	(949,972)	(5,203,743)
1,624,190	288,135	3,611,539
(532,181)	(61,445)	(877,176)
<u>1,092,009</u>	<u>226,690</u>	<u>2,734,363</u>
(3,042,858)	(723,282)	(2,469,380)
4,190,569	3,617,174	12,473,495
--	--	94,780
<u>\$ 1,147,711</u>	<u>\$ 2,893,892</u>	<u>\$ 10,098,895</u>

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**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, 2011

Net change in fund balances - total governmental funds	\$ (2,469,380)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	6,804,484
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,016,677)
The gain or loss on the sale of capital assets is not reported in the funds.	(11,820)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	21,393
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(700,000)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,456,375
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(15,367)
(Increase) decrease in accrued interest from beginning of period to end of period.	53,325
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	135,844
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	212,467
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	1,508
Certain assessment revenues are deferred in the funds. This is the change in these amounts this year.	<u>(29,516)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 1,442,636</u>

The accompanying notes are an integral part of this statement.

**CITY OF CORINTH, TEXAS**  
**STATEMENT OF NET ASSETS**  
**ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2011**

EXHIBIT A-7

	Enterprise Fund Water and Sewer Fund	Enterprise Fund Storm Drainage Fund	Total Enterprise Funds
<b>ASSETS:</b>			
<b>Current Assets:</b>			
<i>Cash</i>			
<i>Investments</i>	\$ 639,897	\$ 178,194	\$ 818,091
Receivables (net of allowances for uncollectibles):	9,248,999	977,707	10,226,706
<i>Accounts</i>			
<i>Interest</i>	1,950,921	69,072	2,019,993
<i>Miscellaneous</i>	15,652	1,065	16,717
<i>Inventories</i>	5,399	630	6,029
Total Current Assets	183,546	8,760	192,306
	<u>12,044,414</u>	<u>1,235,428</u>	<u>13,279,842</u>
<b>Noncurrent Assets:</b>			
<i>Deferred charges</i>			
Capital Assets:	82,331	16,396	98,727
<i>Land</i>			
<i>Construction in Progress</i>	464,378	2,011	466,389
<i>Buildings</i>	2,549,877	--	2,549,877
<i>Machinery and Equipment</i>	229,633	--	229,633
<i>Infrastructure</i>	1,077,849	266,632	1,344,481
<i>Less Accumulated Depreciation</i>	27,070,336	4,136,771	31,207,107
Total Capital Assets (net of accumulated depreciation)	(8,297,771)	(501,872)	(8,799,643)
Total Noncurrent Assets	23,094,302	3,903,542	26,997,844
	<u>23,176,633</u>	<u>3,919,938</u>	<u>27,096,571</u>
Total Assets	<u>35,221,047</u>	<u>5,155,366</u>	<u>40,376,413</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
<i>Accounts payable</i>	624,034	2,281	626,315
<i>Accrued liabilities</i>	19,196	1,129	20,325
<i>Accrued interest payable</i>	71,773	14,684	86,457
<i>Customer meter deposits</i>	478,990	--	478,990
<i>Compensated absences</i>	45,240	3,140	48,380
<i>Current portion of certificates of obligation</i>	436,647	123,347	559,994
<i>Current portion of general obligation bonds</i>	148,145	--	148,145
Total Current Liabilities	<u>1,824,025</u>	<u>144,581</u>	<u>1,968,606</u>
<b>Noncurrent Liabilities:</b>			
<i>Compensated absences</i>	34,636	272	34,908
<i>Certificates of obligation</i>	9,133,366	2,299,544	11,432,910
<i>General obligation bonds</i>	1,590,471	--	1,590,471
Total Noncurrent Liabilities	<u>10,758,473</u>	<u>2,299,816</u>	<u>13,058,289</u>
Total Liabilities	<u>12,582,498</u>	<u>2,444,397</u>	<u>15,026,895</u>
<b>NET ASSETS:</b>			
<i>Investment in capital assets, net of related debt</i>	17,555,791	1,935,106	19,490,897
<i>Unrestricted Net Assets</i>	5,082,758	775,863	5,858,621
Total Net Assets	<u>\$ 22,638,549</u>	<u>\$ 2,710,969</u>	<u>\$ 25,349,518</u>

The accompanying notes are an integral part of this statement.

**CITY OF CORINTH, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Enterprise Fund Water and Sewer Fund	Enterprise Fund Storm Drainage Fund	Total Enterprise Funds
<b>OPERATING REVENUES:</b>			
<i>Water sales</i>	\$ 6,888,493	\$ --	\$ 6,888,493
<i>Sewer disposal</i>	4,047,272	--	4,047,272
<i>Storm drainage fees</i>	--	549,393	549,393
<i>Garbage</i>	916,580	--	916,580
<i>Penalties and reconnect fees</i>	204,224	--	204,224
<i>Tap fees</i>	106,215	--	106,215
<i>Service fees</i>	35,152	--	35,152
<i>Inspections</i>	23,400	3,524	26,924
<b>Total Operating Revenues</b>	<b>12,221,336</b>	<b>552,917</b>	<b>12,774,253</b>
<b>OPERATING EXPENSES:</b>			
<i>Wages &amp; Benefits</i>	1,284,661	119,858	1,404,519
<i>Professional Services &amp; Contracts</i>	1,947,953	44,364	1,992,317
<i>Maintenance &amp; Operations</i>	336,561	16,594	353,155
<i>Supplies</i>	75,219	6,571	81,790
<i>Utilities &amp; Communication</i>	4,800,897	3,912	4,804,809
<i>Vehicles/Equipment &amp; Fuel</i>	72,679	20,339	93,018
<i>Travel &amp; Training</i>	9,408	45	9,453
<i>Amortization</i>	6,540	1,037	7,577
<i>Depreciation</i>	889,355	121,027	1,010,382
<b>Total Operating Expenses</b>	<b>9,423,273</b>	<b>333,747</b>	<b>9,757,020</b>
<b>Operating Income</b>	<b>2,798,063</b>	<b>219,170</b>	<b>3,017,233</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest income</i>	71,543	4,342	75,885
<i>Miscellaneous income</i>	27,284	3,997	31,281
<i>Interest expense</i>	(558,553)	(116,147)	(674,700)
<b>Total Non-operating Revenues (Expenses)</b>	<b>(459,726)</b>	<b>(107,808)</b>	<b>(567,534)</b>
<b>Income Before Special Items, Contributions and Transfers</b>	<b>2,338,337</b>	<b>111,362</b>	<b>2,449,699</b>
<b>Contributions and Transfers</b>			
<i>Special item inflow</i>	700,000	--	700,000
<i>Special assessment - water and sewer impact fees</i>	421,658	--	421,658
<i>Contributions</i>	813,288	68,797	882,085
<i>Transfers in</i>	1,693,339	908,287	2,601,626
<i>Transfers out</i>	(4,639,057)	(696,932)	(5,335,989)
<b>Total Special Items, Contributions and Transfers</b>	<b>(1,010,772)</b>	<b>280,152</b>	<b>(730,620)</b>
<b>Change in Net Assets</b>	<b>1,327,565</b>	<b>391,514</b>	<b>1,719,079</b>
<b>Total Net Assets - Beginning</b>	<b>21,310,984</b>	<b>2,319,455</b>	<b>23,630,439</b>
<b>Total Net Assets - Ending</b>	<b>\$ 22,638,549</b>	<b>\$ 2,710,969</b>	<b>\$ 25,349,518</b>

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, 2011

EXHIBIT A-9

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Storm Water Utility	Totals
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ 11,959,982	\$ 552,999	\$ 12,512,981
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(7,598,150)	(211,923)	(7,810,073)
<i>Cash Payments to Employees for Services</i>	(1,273,564)	(117,363)	(1,390,927)
Net Cash Provided (Used) by Operating Activities	3,088,268	223,713	3,311,981
Cash Flows from Non-capital Financing Activities:			
<i>Transfers From (To) Other Funds</i>	(2,945,718)	211,355	(2,734,363)
Net Cash Provided (Used) by Non-capital Financing Activities	(2,945,718)	211,355	(2,734,363)
Cash Flows from Capital and Related Financing Activities:			
<i>Principal and Interest Paid</i>	(1,129,655)	(240,168)	(1,369,823)
<i>Acquisition or Construction of Capital Assets</i>	(704,420)	(476,418)	(1,180,838)
Net Cash Provided (Used) for Capital & Related Financing Activities	(1,834,075)	(716,586)	(2,550,661)
Cash Flows from Investing Activities:			
<i>Interest and Dividends on Investments</i>	76,902	12,389	89,291
Net Cash Provided (Used) for Investing Activities	76,902	12,389	89,291
Net Increase (Decrease) in Cash and Cash Equivalents	(1,614,623)	(269,129)	(1,883,752)
Cash and Cash Equivalents at Beginning of Year	11,503,519	1,425,030	12,928,549
Cash and Cash Equivalents at End of Year	\$ 9,888,896	\$ 1,155,901	\$ 11,044,797
Summary of Cash and Cash Equivalents			
Cash	\$ 639,897	\$ 178,194	\$ 818,091
Investments	9,248,999	977,707	10,226,706
	\$ 9,888,896	\$ 1,155,901	\$ 11,044,797
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 2,798,063	\$ 219,170	\$ 3,017,233
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation and amortization</i>	895,895	122,064	1,017,959
<i>Miscellaneous Income (expense)</i>	27,284	3,997	31,281
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	(300,674)	(3,915)	(304,589)
<i>Decrease (Increase) in Inventories</i>	2,907	(5,799)	(2,892)
<i>Increase (Decrease) in Accounts Payable</i>	(352,098)	(111,604)	(463,702)
<i>Increase (Decrease) in Accrued Expenses</i>	(6,242)	(1,695)	(7,937)
<i>Increase (Decrease) in Accrued Wages Payable</i>	--	--	--
<i>Increase (Decrease) in Customer Deposits</i>	12,035	--	12,035
<i>Increase (Decrease) in Compensated Absences</i>	11,098	1,495	12,593
Total Adjustments	290,205	4,543	294,748
Net Cash Provided (Used) by Operating Activities	\$ 3,088,268	\$ 223,713	\$ 3,311,981
Noncash Investing, Capital, and Financing Activities:			
<i>Special Item, developer contrib. and special assessments</i>	\$ 1,934,946	\$ 68,797	\$ 2,003,743
	\$ 1,934,946	\$ 68,797	\$ 2,003,743

The accompanying notes are an integral part of this statement.

**CITY OF CORINTH, TEXAS**  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2011

EXHIBIT A-10

	Agency Fund
	Sidewalk Escrow Fund
ASSETS:	
<i>Cash</i>	\$ 14,000
Total Assets	\$ 14,000
LIABILITIES:	
<i>Other liabilities</i>	\$ 14,000
Total Liabilities	\$ 14,000

The accompanying notes are an integral part of this statement.

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CITY OF CORINTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

**Blended component unit.** The City of Corinth's "*Corinth Crime Control and Prevention District*" (CCD), a special purpose district, was organized under Chapter 363, Texas Local Government Code. A special election was held on September 11, 2004 for the creation of the CCD and to levy a one-quarter (¼) 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  
SEPTEMBER 30, 2011

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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 CO 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 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:

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

- The Crime Control and Prevention District fund is the *blended component unit* described previously. All revenues and expenditures related to the \$.0025 sales tax are recorded in this fund.
- The Street Maintenance fund accounts for the receipt of a \$.0025 special purpose sales tax and related expenditures.
- Risk/Insurance Claim Fund is used to account for funds restricted to pay insurance claims.
- Hotel-Motel Tax fund accounts for hotel-motel tax collected and used to enhance and promote tourism.
- 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.
- Municipal Court Security Fund is used to account for funds restricted to provide security enhancements for the municipal court.
- Municipal Court Technology Fund is used to account for funds restricted to provide technological enhancements for the municipal court.



CITY OF CORINTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

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- The Parks Development fund was established to account for donations, contributions, and payments associated with the various park programs.
- 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.
- 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.

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

- The Vehicle Replacement Fund is used to account for funds and expenditures related to future vehicle replacements.
- The Street Escrow fund is used to account for funds and expenditures for all capital projects not specifically identified and not in the proprietary or trust funds.
- The 2004 Tax Note was established to account for remaining bond funds from the 2004 issuance.
- The 2007 CO Tech Fund was established to account for funds and expenditures for all capital projects related to streets and technology from the 2007 bond sale.
- The 2010 COs Fire Fund is used to account for use of proceeds of debt issued to acquire fire fighting vehicles and equipment.

One agency fund, 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 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***

CITY OF CORINTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

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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.

***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.

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:

CITY OF CORINTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

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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. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

***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 balance***

Governmental funds classify fund balances as follows:

**Nonspendable Fund Balances** – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

**Committed Fund Balance** – Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through legislation, resolution or ordinance, unless the City Council removes or changes the specified use by taking the same type of action used to commit the amounts.

**Assigned Fund Balance** – Amounts that are constrained by the City Council, or by another City official or the finance division to which the City has delegated authority, that are to be used for specific purposes but are neither restricted nor committed.

**Unassigned Fund Balance** – Amounts that are available for any purpose; these amounts can be reported only in the City's General Fund.

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

**E. Reclassifications of financial statement amounts and changes in presentation**

Effective for the fiscal year ended September 30, 2011, the City has revised its chart of accounts which affects

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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comparability with prior year financial statements. The effect of this change primarily affects classification of general fund revenues (fines, fees, permits, charges for services and miscellaneous). Cost allocation recoveries have been presented as transfers between the funds involved rather than as revenues and expenses.

**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 Crime Control and Prevention, Street Maintenance, Hotel/Motel Tax, Municipal Court Security, Municipal Court Technology, and Parks Development special revenue funds; and the Debt Service fund. The budgets for the Water and Wastewater fund and the Storm Drainage funds 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 and capital project funds 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 fund level. The City Council is required to approve all budget amendments that alter department or operating appropriations.

Encumbrance accounting is employed by governmental funds. Encumbrances (i.e., contracts, purchase orders) outstanding at year end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitment will be reappropriated and honored during the subsequent year.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

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

Deposits - At September 30, 2011, the City's carrying amount of demand deposits was \$2,820,925 (including \$14,000 in the agency fund), while the bank balance was \$3,082,374. The City's depository had pledged a letter of credit with a fair value of \$9,000,000.

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, 2011:

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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	Carrying Amount	Fair Value	WAM	Rating (S&P)
TexStar	\$ 4,519,880	\$ 4,519,880	<60 days	AAA
TexPool	1,410,372	1,410,372	<60 days	AAA
US Federal Agency Securities				
Coupon	5,333,517	5,372,705		AAA
Callable	2,404,120	2,388,088		AAA
Money Market	5,063,606	5,624,351		
	<u>18,731,495</u>	<u>19,315,396</u>		

Corinth Economic Development Corp. Type (B)

TexPool	407,214	407,214	<60 days	AAA
US Federal Agency Securities				
Coupon	590,639	594,978		AA+
Callable	266,234	264,459		AA+
Money Market	560,748	560,748		
	<u>1,824,835</u>	<u>1,827,399</u>		
Total	<u>\$ 20,556,330</u>	<u>\$ 21,142,795</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, and the reserve, special project and capital project funds to less than 365 days.

The CEDC component unit limits weighted average days to maturity for the operating funds portfolio to less than 270 days.

The City and its component unit invest in the public funds investment pools listed above, which have specified maximum weighted average maturities for their investment portfolios. The maximum weighted average maturity (WAM) of TexPool investment portfolios cannot exceed 60 days. TexSTAR also maintains a portfolio maximum WAM of 60 days calculated according to SEC rule 2a-7.

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 AA+ by Standard & Poor's, AAA 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 Interlocal 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 & Pooers. 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

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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:

<u>Investment</u>	<u>Maximum % of Portfolio</u>
U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalitie	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%
U.S. Treasury & Agency Callables	30%

*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, 2011:

	General Fund	Debt Service Fund	2007 CO Streets	Nonmajor Governmental Funds	Water & Wastewater Fund	Storm Drainage Utility	Total
Taxes							
Property	\$ 68,470	\$ 23,054	\$ -	\$ -	\$ -	\$ -	\$ 91,524
Sales	228,927	-	-	100,664	-	-	329,591
Accounts	35,235	16,549	-	-	2,194,822	70,002	2,316,608
Interest	4,081	156	1,081	669	15,652	1,065	22,704
Warrants	2,040,075	-	-	-	-	-	2,040,075
Ambulance	600,707	-	-	-	-	-	600,707
Other	269,506	-	-	47,702	5,399	630	323,237
Due from other governments	193,065	-	-	-	-	-	193,065
Gross Receivables	3,440,066	39,759	1,081	149,035	2,215,873	71,697	5,917,511
LESS: Allowance for uncollectibles	(981,788)	-	-	-	(243,901)	(930)	(1,226,619)
Net total receivables	\$ 2,458,278	\$ 39,759	\$ 1,081	\$ 149,035	\$ 1,971,972	\$ 70,767	\$ 4,690,892

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The composition of interfund balances as of September 30, 2011, is as follows:

	Due from other funds	Due to other funds
General Fund	\$ -	\$ (321,675)
Nonmajor governmental funds	321,675	-
	\$ 321,675	\$ (321,675)

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	\$ 117,757	\$ (201,487)
Debt Service Fund	797,772	-
2007 C Streets Fund	1,624,190	(532,181)
Nonmajor governmental funds	288,135	(61,445)
Water and Wastewater Fund	1,601,404	(3,942,782)
Storm Water Utility Fund	908,287	(599,650)
	\$ 5,337,545	\$ (5,337,545)

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.

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**C. Capital assets**

Capital asset additions, disposals, and depreciation for governmental activities and business-type activities for the year ended September 30, 2011 was as follows:

	<b>Governmental Activities:</b>				
	Balance 9/30/2010	Additions	Deletions	Transfers and Adjustments	Balance 9/30/2011
Capital assets, not being depreciated:					
Land	\$ 1,459,222	\$ 779,401	\$ -	\$ -	\$ 2,238,623
Construction in progress	6,444,045	5,082,654	-	(10,836,007)	690,692
Totals, capital assets not being depreciated	<u>7,903,267</u>	<u>5,862,055</u>	<u>-</u>	<u>(10,836,007)</u>	<u>2,929,315</u>
Capital assets, being depreciated:					
Buildings	5,989,959	128,746	-	-	6,118,705
Machinery and equipment	5,633,597	813,684	(250,016)	(1,009,365)	5,187,900
Infrastructure	80,342,221	-	-	11,769,042	92,111,263
Totals, capital assets being depreciated	<u>91,965,777</u>	<u>942,430</u>	<u>(250,016)</u>	<u>10,759,677</u>	<u>103,417,868</u>
Less: accumulated depreciation for:					
Buildings	(1,292,896)	(169,512)	-	-	(1,462,408)
Machinery and equipment	(2,952,781)	(541,079)	240,528	501,095	(2,752,237)
Infrastructure	(39,300,487)	(3,306,086)	-	(427,097)	(43,033,670)
Total accumulated depreciation	<u>(43,546,164)</u>	<u>(4,016,677)</u>	<u>240,528</u>	<u>73,998</u>	<u>(47,248,315)</u>
Total capital assets, being depreciated, net	<u>48,419,613</u>	<u>(3,074,247)</u>	<u>(9,488)</u>	<u>10,833,675</u>	<u>56,169,553</u>
Capital assets, net	<u>\$56,322,880</u>	<u>\$2,787,808</u>	<u>\$ (9,488)</u>	<u>\$ (2,332)</u>	<u>\$59,098,868</u>

	<b>Business-type activities:</b>				
	Balance 9/30/2010	Additions	Deletions	Transfers and Adjustments	Balance 9/30/2011
Capital assets, not being depreciated:					
Land	\$ 1,164,316	\$ 2,073	\$ (700,000)	\$ -	\$ 466,389
Construction in progress	6,227,869	1,668,720	-	(5,346,712)	2,549,877
Totals, capital assets not being depreciated	<u>7,392,185</u>	<u>1,670,793</u>	<u>(700,000)</u>	<u>(5,346,712)</u>	<u>3,016,266</u>
Capital assets, being depreciated:					
Buildings	229,633	-	-	-	229,633
Machinery and equipment	1,428,112	35,217	-	(118,848)	1,344,481
Infrastructure	25,081,825	3,879,820	-	5,346,712	34,308,357
Totals, capital assets being depreciated	<u>26,739,570</u>	<u>3,915,037</u>	<u>-</u>	<u>5,227,864</u>	<u>35,882,471</u>
Less: accumulated depreciation for:					
Buildings	(107,497)	(7,137)	-	-	(114,634)
Machinery and equipment	(893,008)	(110,871)	-	118,848	(885,031)
Infrastructure	(6,907,605)	(892,374)	-	-	(7,799,979)
Total accumulated depreciation	<u>(7,908,110)</u>	<u>(1,010,382)</u>	<u>-</u>	<u>118,848</u>	<u>(8,799,644)</u>
Total capital assets, being depreciated, net	<u>18,831,460</u>	<u>2,904,655</u>	<u>-</u>	<u>5,346,712</u>	<u>27,082,827</u>
Capital assets, net	<u>\$26,223,645</u>	<u>\$4,575,448</u>	<u>\$ (700,000)</u>	<u>\$ -</u>	<u>\$30,099,093</u>



**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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

Governmental Activities	
Public safety	\$ 325,489
Community services	108,516
Public works	3,363,609
Planning & community development	3,756
City administration	200,049
Finance and administrative services	15,258
Total depreciation expense	<u>\$ 4,016,677</u>

Business-type Activities	
Water and sewer	\$ 889,355
Storm water utility	121,027
Total depreciation expense	<u>\$1,010,382</u>

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**D. Construction Commitments**

Project Name	Cumulative Spent to Date	Remaining Balance	Project Total
WESTSIDE LS EXPANSION	\$ 700,788	\$ 2,401,360	\$ 3,102,148
FM 2181 UTILITY RELOCATION	421,006	3,337,180	3,758,186
PARKRIDGE DRIVE SOUTH	224,010	1,989,862	2,213,872
REPLACE TECHNOLOGICAL INFRASTRUCTURE	653,350	37,150	690,500
REHAB 1.5 MG GROUND STORAGE	414,625	135,375	550,000
PLANNING & PERMITTING	73,541	66,459	140,000
<b>TOTAL</b>	<b>\$ 2,413,779</b>	<b>\$ 7,900,927</b>	<b>\$ 10,314,706</b>

Capital projects expenditures/expenses are funded through capital projects funds and proprietary funds.

**E. Long-term debt**

Long-term debt of the City governmental activities consists of general obligation bonds, certificates of obligation, and accrued compensated absences. General obligation bond and certificates of obligation retirement are provided from ad valorem tax. The 1995 certificates of obligation related to the PID #1 will be retired through special assessments. Governmental activities long-term debt is paid by the debt service fund.

Long-term debt of the City business-type activities consists of general obligation bonds, certificates of obligation, 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.

The following is a summary of long-term debt as of September 30, 2011:

Description	September 30, 2010	Additions	Retirements	September 30, 2011	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 10,106,450	\$ -	\$ (1,024,375)	\$ 9,082,075	\$ 1,077,125
Certificates of obligation	9,364,000	-	(432,000)	8,932,000	457,000
	19,470,450	-	(1,456,375)	18,014,075	1,534,125
Bond premiums/discounts (net)	196,970	-	(14,031)	182,939	14,031
Deferred amount on refunding	(69,148)	(3,588)	-	(72,736)	(10,229)
Total bonds payable	19,598,272	(3,588)	(1,470,406)	18,124,278	1,537,927
Compensated absences	840,752	-	(135,846)	704,906	704,906
	<u>\$ 20,439,024</u>	<u>\$ (3,588)</u>	<u>\$ (1,606,252)</u>	<u>\$ 18,829,184</u>	<u>\$ 2,242,833</u>

Description	September 30, 2010	Additions	Additions	September 30, 2011	Due Within One Year
<b>Business-type activities:</b>					
General obligation bonds	\$ 1,923,550	\$ -	\$ (145,625)	\$ 1,777,925	\$ 152,875
Certificates of obligation	12,956,000	-	(518,000)	12,438,000	543,000
	14,879,550	-	(663,625)	14,215,925	695,875
Bond premiums/discounts (net)	278,474	-	(17,725)	260,749	17,725
Deferred amount on refunding	(35,017)	(15,599)	5,461	(45,155)	(5,461)
Total bonds payable	15,123,007	(15,599)	(675,889)	14,431,519	708,139
Compensated absences	70,696	12,592	-	83,288	83,288
	<u>\$ 15,193,703</u>	<u>\$ (3,007)</u>	<u>\$ (675,889)</u>	<u>\$ 14,514,807</u>	<u>\$ 791,427</u>

Compensated absences are paid from the fund out of which an employee is regularly paid – primarily the General Fund,

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Water and Wastewater Fund, and Storm Water Utility Fund.

Long-term debt of the City is comprised of the following individual issues at September 30, 2011:

Purpose	Original Amount	Year of Issue	Final Maturity	Average Annual Payment	Interest Rate	Governmental Activities	Business-type Activities
<b>GENERAL OBLIGATION BONDS</b>							
City hall, park & infrastructure	7,000,000	1999	2019	428,000	3.50% - 4.80%	\$ 1,205,000	
Infrastructure	2,000,000	2001	2021	125,000	5.00% - 4.80%	560,000	
Refunding	5,080,000	2005	2020	538,000	4.00% - 4.25%	3,229,200	\$ 910,800
Refunding	5,250,000	2007	2021	587,000	3.78% - 4.25%	4,087,875	867,125
						<u>9,082,075</u>	<u>1,777,925</u>
<b>CERTIFICATES OF OBLIGATION</b>							
Equipment and infrastructure	23,630,000	2007	2027	1,821,000	4.375% - 5.25%	7,622,000	12,438,000
Equipment	1,500,000	2010	2020	172,000	1.95% - 4.05%	1,310,000	
						<u>8,932,000</u>	<u>12,438,000</u>
						<u>\$ 18,014,075</u>	<u>\$ 14,215,925</u>

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The annual debt service requirements to maturity for the general obligation bonds, and certificates of obligation are as follows:

<b>General Obligation Bonds:</b>					
Year Ended	<i>Governmental Activities</i>		<i>Business-type Activities</i>		
	Principal	Interest	Principal	Interest	
September 30					
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	1,126,500	216,181	243,500	49,274	
2016	1,168,175	169,224	251,825	39,332	
2016 - 2020	3,443,325	236,397	811,675	55,280	
<b>Total</b>	<b>\$ 9,082,075</b>	<b>\$ 1,553,935</b>	<b>\$ 1,777,925</b>	<b>\$ 334,913</b>	

<b>Certificates of Obligation:</b>					
Year Ended	<i>Governmental Activities</i>		<i>Business-type Activities</i>		
	Principal	Interest	Principal	Interest	
September 30					
2012	\$ 457,000	\$ 413,609	\$ 543,000	\$ 606,468	
2013	660,000	391,336	535,000	580,875	
2014	690,000	361,983	565,000	553,375	
2015	595,000	333,763	595,000	524,375	
2016	515,000	308,734	635,000	493,625	
2016 - 2020	2,535,000	1,194,564	3,720,000	1,974,419	
2021 - 2025	2,785,000	568,969	4,775,000	927,544	
2026-2027	695,000	18,244	1,070,000	28,088	
<b>Total</b>	<b>\$ 8,932,000</b>	<b>\$ 3,591,202</b>	<b>\$ 12,438,000</b>	<b>\$ 5,688,769</b>	

**IV. OTHER INFORMATION**

**A. Upper Trinity Regional Water District (UTRWD)**

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

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

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

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

The City participates in the Texas Municipal Retirement System

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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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.tmrs.com](http://www.tmrs.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:

	Plan Year 2009	Plan Year 2010	Plan Year 2011
Employee deposit rate:	7%	7%	7%
Matching ratio (employer to employee):	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100%, Repeating, Transfers	100%, Repeating, Transfers	100%, Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating	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**  
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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)	\$ 1,027,082
Interest on Net Pension Obligation	-
Adjustment to the ARC	-
Annual Pension Cost	1,027,082
Contributions Made	1,027,082
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)
2009	\$ 864,523	\$ 864,523	100%	\$ -
2010	\$ 929,467	\$ 929,467	100%	\$ -
2011	\$ 1,027,082	\$ 1,027,082	100%	\$ -

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	12/31/2008	12/31/2009	12/31/2010
Actuarial Cost Method	Projected Unit Credit Level Percent of Payroll	Projected Unit Credit Level Percent of Payroll	Projected Unit Credit Level Percent of Payroll
Amortization Method	29 years; closed period	28.2 years; closed period	27.5 years; closed period
Remaining Amortization Period	Amortized Cost	10-year Smoothed Market	10-year Smoothed Market
Asset Valuation Method	30 Years	30 Years	30 Years
Amortization Period for New Gains/Losses			
Actuarial Assumptions:			
Investment Rate of Return	7.5%	7.5%	7.0%
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	2.1%	2.1%	2.1%

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

The funded status as of December 31, 2010, 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%
12/31/2009	\$ 9,947,186	\$ 14,703,117	67.7%	\$ 4,755,931	\$ 8,072,187	58.9%
12/31/2010	\$ 14,283,597	\$ 19,953,457	71.6%	\$ 5,669,860	\$ 7,858,831	72.1%

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.

**CITY OF CORINTH**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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

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

Each month, the Comptroller's office issues a payment for the total city sales tax. Upon receipt, the 4B funds are transferred into a separate, interest-bearing account at the City's depository bank.

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, 2011.

<b>ASSETS:</b>	
Cash and investments	\$ 2,185,922
Receivables (net of allowances for uncollectibles):	115,551
Total Assets	<u>\$ 2,301,473</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 4,737
Total Liabilities	<u>4,737</u>

<b>Fund Balances:</b>	
Unreserved	2,296,736
Total Fund Balances	<u>2,296,736</u>
Total Liabilities and Fund Balances	<u>\$ 2,301,473</u>

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

CEDC Fund Balance	\$ 2,296,736
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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	(7,743)
CEDC Net Assets	<u>\$ 2,288,993</u>



CITY OF CORINTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Revenue:	
Sales and other taxes	\$ 528,205
Interest and investment earnings	14,247
Total revenues	<u>542,452</u>
Expenditures:	
Planning and community development	<u>291,414</u>
Total Expenditures	<u>291,414</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>251,038</u>
Fund Balances - Beginning	<u>2,037,955</u>
Fund Balances - Ending	<u>\$ 2,288,993</u>

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

CEDC Change in Fund Balance	\$ 258,781
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>(7,743)</u>
CEDC Net Assets	<u>\$ 251,038</u>

CITY OF CORINTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

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**F. Prior Year Restatements**

The City made restatements to accrued liabilities and revenue resulting from the allocation of fines in 2010 and prior years.

	As Reported 09/30/10 <u>Dr (Cr)</u>	Change <u>Dr (Cr)</u>	As Restated 9/30/2010 <u>Dr (Cr)</u>
<b>Government Activities</b>			
Statement of Net Assets			
Other liabilities	\$ (860,521)	\$ 94,780	\$ (765,741)
Net assets -beginning	(50,240,625)	55,305	(50,185,320)
Statement of Activities			
Public safety - Charges for services	(2,858,365)	39,475	(2,818,890)
<b>Governmental Funds</b>			
General Fund			
Balance Sheet			
Other liabilities	(851,827)	94,780	(757,047)
Fund balance - beginning	(4,441,582)	55,305	(4,386,277)
Statement of Revenues, Expenditures and Changes in Fund Balances			
General Fund			
Fines and forfeitures	(602,299)	39,475	(562,824)

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF CORINTH, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT B-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>Property</i>	\$ 6,305,853	\$ 6,305,853	\$ 6,244,539	\$ (61,314)
<i>Sales</i>	938,576	938,576	1,067,987	129,411
<i>Franchise</i>	977,368	977,368	1,083,786	106,418
<i>Utility fees</i>	15,000	15,000	20,668	5,668
<i>Traffic fines and forfeitures</i>	596,850	596,850	607,136	10,286
<i>Development fees &amp; permits</i>	220,700	220,700	514,834	294,134
<i>Police fees &amp; permits</i>	17,200	17,200	26,298	9,098
<i>Parks &amp; recreation fees</i>	206,153	206,153	159,993	(46,160)
<i>Fire services</i>	2,170,813	2,170,813	2,277,955	107,142
<i>Donations</i>	--	--	40	40
<i>Interest income</i>	60,200	60,200	63,185	2,985
<i>Miscellaneous income</i>	28,050	28,050	42,565	14,515
<i>Charges for services</i>	273,404	273,404	269,635	(3,769)
Total revenues	<u>11,810,167</u>	<u>11,810,167</u>	<u>12,378,621</u>	<u>568,454</u>
Expenditures:				
Current:				
<i>Public safety</i>	7,052,079	7,113,265	7,088,578	24,687
<i>Community services</i>	1,775,049	1,753,195	1,594,788	158,407
<i>Public works</i>	880,847	874,328	816,586	57,742
<i>Planning and community development</i>	790,383	725,246	669,510	55,736
<i>City Administration</i>	1,519,650	1,515,421	1,411,962	103,459
<i>Finance and administrative services</i>	584,731	613,708	614,157	(449)
Total Expenditures	<u>12,602,739</u>	<u>12,595,163</u>	<u>12,195,581</u>	<u>399,582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(792,572)</u>	<u>(784,996)</u>	<u>183,040</u>	<u>968,036</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	899,635	899,635	901,442	1,807
<i>Transfers out</i>	(107,063)	(283,550)	(283,550)	--
Total Other Financing Sources (Uses)	<u>792,572</u>	<u>616,085</u>	<u>617,892</u>	<u>(1,807)</u>
Net Change in Fund Balances	--	(168,911)	800,932	969,843
Fund Balances - Beginning	3,873,511	3,873,511	3,873,511	--
Prior Period Adjustment	--	--	94,780	94,780
Fund Balances - Ending	<u>\$ 3,873,511</u>	<u>\$ 3,704,600</u>	<u>\$ 4,769,223</u>	<u>\$ 1,064,623</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. Therefore the legal level of control is at the fund level.
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, certain Special Revenue Funds, and the 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:

- Crime Control & Prevention Fund
- Street Maintenance Fund
- Hotel-Motel Tax Fund
- Municipal Court Security Fund
- Municipal Court Technology Fund
- Parks Development Fund

Debt Service Fund

Employee Retirement Plan - three year funding progress

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%
12/31/2009	\$ 9,947,186	\$ 14,703,117	67.7%	\$ 4,755,931	\$ 8,072,187	58.9%
12/31/2010	\$ 14,283,597	\$ 19,953,457	71.6%	\$ 5,669,860	\$ 7,858,831	72.1%

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS

**CITY OF CORINTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>			
<i>Cash</i>	\$ 998,417	\$ 569,374	\$ 1,567,791
<i>Investments</i>	960,554	638,641	1,599,195
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	100,664	--	100,664
<i>Interest</i>	600	69	669
<i>Miscellaneous</i>	47,702	--	47,702
<i>Due from other funds</i>	321,675	--	321,675
	<u>2,429,612</u>	<u>1,208,084</u>	<u>3,637,696</u>
<b>Total Assets</b>	<b>\$ 2,429,612</b>	<b>\$ 1,208,084</b>	<b>\$ 3,637,696</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ 25,779	\$ 15,772	\$ 41,551
<i>Accrued liabilities</i>	2,485	--	2,485
<i>Other liabilities</i>	8,609	--	8,609
<i>Deferred revenue</i>	691,159	--	691,159
	<u>728,032</u>	<u>15,772</u>	<u>743,804</u>
<b>Total Liabilities</b>	<b>728,032</b>	<b>15,772</b>	<b>743,804</b>
<b>Fund Balances:</b>			
<i>Restricted</i>	1,202,739	520,382	1,723,121
<i>Committed</i>	498,841	671,930	1,170,771
<b>Total Fund Balances</b>	<u>1,701,580</u>	<u>1,192,312</u>	<u>2,893,892</u>
	<u>\$ 2,429,612</u>	<u>\$ 1,208,084</u>	<u>\$ 3,637,696</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,429,612</b>	<b>\$ 1,208,084</b>	<b>\$ 3,637,696</b>



**CITY OF CORINTH, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 484,473	\$ --	\$ 484,473
<i>Hotel occupancy tax</i>	39,441	--	39,441
<i>Escrow and impact fees</i>	336,528	--	336,528
<i>Traffic fines and forfeitures</i>	27,005	--	27,005
<i>Police fees &amp; permits</i>	33,243	--	33,243
<i>Parks &amp; recreation fees</i>	197	--	197
<i>Donations</i>	152,353	--	152,353
<i>Grants</i>	47,776	--	47,776
<i>Interest income</i>	8,132	6,225	14,357
<i>Miscellaneous income</i>	99,669	18,253	117,922
Total revenues	<u>1,228,817</u>	<u>24,478</u>	<u>1,253,295</u>
Expenditures:			
Current:			
<i>Public safety</i>	453,538	531,505	985,043
<i>Community services</i>	114,961	42,516	157,477
<i>Public works</i>	823,988	--	823,988
<i>Planning and community development</i>	--	30,076	30,076
<i>City Administration</i>	23,623	18,846	42,469
<i>Capital Outlay</i>	--	164,214	164,214
Total Expenditures	<u>1,416,110</u>	<u>787,157</u>	<u>2,203,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(187,293)</u>	<u>(762,679)</u>	<u>(949,972)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	3,135	285,000	288,135
<i>Transfers out</i>	(16,445)	(45,000)	(61,445)
Total Other Financing Sources (Uses)	<u>(13,310)</u>	<u>240,000</u>	<u>226,690</u>
Net Change in Fund Balances	<u>(200,603)</u>	<u>(522,679)</u>	<u>(723,282)</u>
Fund Balances - Beginning	<u>1,902,183</u>	<u>1,714,991</u>	<u>3,617,174</u>
Fund Balances - Ending	<u>\$ 1,701,580</u>	<u>\$ 1,192,312</u>	<u>\$ 2,893,892</u>

**CITY OF CORINTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2011**

	Crime Control & Prevention	Street Maintenance	Risk/ Insurance Claim Fund
<b>ASSETS</b>			
<i>Cash</i>	\$ 68,472	\$ 302,104	\$ 273,184
<i>Investments</i>	--	657,696	--
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	43,431	57,233	--
<i>Interest</i>	--	4	--
<i>Miscellaneous</i>	--	--	186
<i>Due from other funds</i>	--	--	--
	<u>111,903</u>	<u>1,017,037</u>	<u>273,370</u>
<b>Total Assets</b>	<b>\$ 111,903</b>	<b>\$ 1,017,037</b>	<b>\$ 273,370</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ --	\$ --	\$ --
<i>Accrued liabilities</i>	2,243	--	--
<i>Other liabilities</i>	--	--	--
<i>Deferred revenue</i>	--	--	--
	<u>2,243</u>	<u>--</u>	<u>--</u>
<b>Total Liabilities</b>	<b>2,243</b>	<b>--</b>	<b>--</b>
<b>Fund Balances:</b>			
<i>Restricted</i>	109,660	1,017,037	--
<i>Committed</i>	--	--	273,370
<b>Total Fund Balances</b>	<u>109,660</u>	<u>1,017,037</u>	<u>273,370</u>
	<u>111,903</u>	<u>1,017,037</u>	<u>273,370</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 111,903</b>	<b>\$ 1,017,037</b>	<b>\$ 273,370</b>

s	Hotel Motel Tax	Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Parks Development
	\$ 92,873	\$ 1,568	\$ 4,123	\$ 12,056	\$ 169,303
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	3,451	44,065	--	--	--
	--	86,365	--	--	--
	<u>\$ 96,324</u>	<u>\$ 131,998</u>	<u>\$ 4,123</u>	<u>\$ 12,056</u>	<u>\$ 169,303</u>
	\$ --	\$ 687	\$ --	\$ --	\$ 500
	--	242	--	--	--
	--	8,609	--	--	--
	--	--	--	--	--
	--	9,538	--	--	500
	96,324	65,792	4,123	12,056	--
	--	56,668	--	--	168,803
	<u>96,324</u>	<u>122,460</u>	<u>4,123</u>	<u>12,056</u>	<u>168,803</u>
	<u>\$ 96,324</u>	<u>\$ 131,998</u>	<u>\$ 4,123</u>	<u>\$ 12,056</u>	<u>\$ 169,303</u>

**CITY OF CORINTH, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2011

	Elm Fork Trails (State) Grant Fund	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS</b>			
<i>Cash</i>	\$ (58,555)	\$ 133,289	\$ 998,417
<i>Investments</i>	--	302,858	960,554
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	--	--	100,664
<i>Interest</i>	--	596	600
<i>Miscellaneous</i>	--	--	47,702
<i>Due from other funds</i>	235,310	--	321,675
	<u>176,755</u>	<u>436,743</u>	<u>2,429,612</u>
<b>Total Assets</b>	<b>\$ 176,755</b>	<b>\$ 436,743</b>	<b>\$ 2,429,612</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ 10,150	\$ 14,442	\$ 25,779
<i>Accrued liabilities</i>	--	--	2,485
<i>Other liabilities</i>	--	--	8,609
<i>Deferred revenue</i>	--	691,159	691,159
	<u>10,150</u>	<u>705,601</u>	<u>728,032</u>
<b>Total Liabilities</b>	<b>10,150</b>	<b>705,601</b>	<b>728,032</b>
<b>Fund Balances:</b>			
<i>Restricted</i>	166,605	(268,858)	1,202,739
<i>Committed</i>	--	--	498,841
<b>Total Fund Balances</b>	<u>166,605</u>	<u>(268,858)</u>	<u>1,701,580</u>
	<u>176,755</u>	<u>436,743</u>	<u>2,429,612</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 176,755</b>	<b>\$ 436,743</b>	<b>\$ 2,429,612</b>

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**CITY OF CORINTH, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Crime Control & Prevention	Street Maintenance	Risk/ Insurance Claim Fund
Revenue:			
Taxes:			
<i>Sales</i>	\$ 220,359	\$ 264,114	\$ --
<i>Hotel occupancy tax</i>	--	--	--
<i>Escrow and impact fees</i>	--	--	--
<i>Traffic fines and forfeitures</i>	--	--	--
<i>Police fees &amp; permits</i>	--	--	--
<i>Parks &amp; recreation fees</i>	--	--	--
<i>Donations</i>	--	--	--
<i>Grants</i>	--	--	--
<i>Interest income</i>	230	4,763	803
<i>Miscellaneous income</i>	--	--	97,495
Total revenues	<u>220,589</u>	<u>268,877</u>	<u>98,298</u>
Expenditures:			
Current:			
<i>Public safety</i>	263,528	--	16,445
<i>Community services</i>	--	--	14,706
<i>Public works</i>	--	92,978	1,610
<i>City Administration</i>	--	--	13,600
Total Expenditures	<u>263,528</u>	<u>92,978</u>	<u>46,361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(42,939)</u>	<u>175,899</u>	<u>51,937</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	3,037	--	--
<i>Transfers out</i>	--	--	--
Total Other Financing Sources (Uses)	<u>3,037</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(39,902)	175,899	51,937
Fund Balances - Beginning	<u>149,562</u>	<u>841,138</u>	<u>221,433</u>
Fund Balances - Ending	<u>\$ 109,660</u>	<u>\$ 1,017,037</u>	<u>\$ 273,370</u>

s	Hotel Motel Tax	Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Parks Development
\$	--	\$ --	\$ --	\$ --	\$ --
	39,441	--	--	--	--
	--	--	--	--	--
	--	2,586	11,357	13,062	--
	--	33,243	--	--	--
	--	197	--	--	--
	--	18,203	--	--	134,150
	--	47,776	--	--	--
	233	480	12	50	371
	--	2,174	--	--	--
	<u>39,674</u>	<u>104,659</u>	<u>11,369</u>	<u>13,112</u>	<u>134,521</u>
	--	155,565	--	18,000	--
	--	14,139	--	--	43,142
	--	--	--	--	--
	--	8,575	--	--	--
	<u>--</u>	<u>178,279</u>	<u>--</u>	<u>18,000</u>	<u>43,142</u>
	<u>39,674</u>	<u>(73,620)</u>	<u>11,369</u>	<u>(4,888)</u>	<u>91,379</u>
	--	98	--	--	--
	--	(6,445)	(10,000)	--	--
	<u>--</u>	<u>(6,347)</u>	<u>(10,000)</u>	<u>--</u>	<u>--</u>
	<u>39,674</u>	<u>(79,967)</u>	<u>1,369</u>	<u>(4,888)</u>	<u>91,379</u>
	<u>56,650</u>	<u>202,427</u>	<u>2,754</u>	<u>16,944</u>	<u>77,424</u>
\$	<u><u>96,324</u></u>	<u><u>122,460</u></u>	<u><u>4,123</u></u>	<u><u>12,056</u></u>	<u><u>168,803</u></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, 2011

	Elm Fork Trails (State) Grant Fund	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:			
Taxes:			
<i>Sales</i>	\$ --	\$ --	\$ 484,473
<i>Hotel occupancy tax</i>	--	--	39,441
<i>Escrow and impact fees</i>	--	336,528	336,528
<i>Traffic fines and forfeitures</i>	--	--	27,005
<i>Police fees &amp; permits</i>	--	--	33,243
<i>Parks &amp; recreation fees</i>	--	--	197
<i>Donations</i>	--	--	152,353
<i>Grants</i>	--	--	47,776
<i>Interest income</i>	--	1,190	8,132
<i>Miscellaneous income</i>	--	--	99,669
Total revenues	--	337,718	1,228,817
Expenditures:			
Current:			
<i>Public safety</i>	--	--	453,538
<i>Community services</i>	42,974	--	114,961
<i>Public works</i>	--	729,400	823,988
<i>City Administration</i>	--	1,448	23,623
Total Expenditures	42,974	730,848	1,416,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,974)	(393,130)	(187,293)
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	--	3,135
<i>Transfers out</i>	--	--	(16,445)
Total Other Financing Sources (Uses)	--	--	(13,310)
Net Change in Fund Balances	(42,974)	(393,130)	(200,603)
Fund Balances - Beginning	209,579	124,272	1,902,183
Fund Balances - Ending	\$ 166,605	\$ (268,858)	\$ 1,701,580



**CITY OF CORINTH, TEXAS**  
**CRIME CONTROL & PREVENTION**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT C-5**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 208,012	\$ 220,359	\$ 12,347
<i>Interest income</i>	--	230	230
Total revenues	<u>208,012</u>	<u>220,589</u>	<u>12,577</u>
Expenditures:			
Current:			
<i>Public safety</i>	263,557	263,528	29
Total Expenditures	<u>263,557</u>	<u>263,528</u>	<u>29</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(55,545)</u>	<u>(42,939)</u>	<u>12,606</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	3,037	3,037
Total Other Financing Sources (Uses)	<u>--</u>	<u>3,037</u>	<u>(3,037)</u>
Net Change in Fund Balances	<u>(55,545)</u>	<u>(39,902)</u>	<u>15,643</u>
Fund Balances - Beginning	<u>149,562</u>	<u>149,562</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 94,017</u>	<u>\$ 109,660</u>	<u>\$ 15,643</u>

**CITY OF CORINTH, TEXAS**  
**STREET MAINTENANCE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT C-6**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 232,010	\$ 264,114	\$ 32,104
<i>Interest income</i>	2,000	4,763	2,763
Total revenues	<u>234,010</u>	<u>268,877</u>	<u>34,867</u>
Expenditures:			
Current:			
<i>Public works</i>	260,000	92,978	167,022
Total Expenditures	<u>260,000</u>	<u>92,978</u>	<u>167,022</u>
Net Change in Fund Balances	(25,990)	175,899	201,889
Fund Balances - Beginning	<u>841,138</u>	<u>841,138</u>	--
Fund Balances - Ending	<u>\$ 815,148</u>	<u>\$ 1,017,037</u>	<u>\$ 201,889</u>

**CITY OF CORINTH, TEXAS**  
HOTEL MOTEL TAX FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

**EXHIBIT C-7**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Hotel occupancy tax</i>	\$ 30,000	\$ 39,441	\$ 9,441
<i>Interest income</i>	--	233	233
Total revenues	<u>30,000</u>	<u>39,674</u>	<u>9,674</u>
Net Change in Fund Balances	30,000	39,674	9,674
Fund Balances - Beginning	<u>56,650</u>	<u>56,650</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 86,650</u>	<u>\$ 96,324</u>	<u>\$ 9,674</u>

**CITY OF CORINTH, TEXAS**  
MUNICIPAL COURT SECURITY FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Traffic fines and forfeitures</i>	\$ 14,000	\$ 11,357	\$ (2,643)
<i>Interest income</i>	--	12	12
Total revenues	<u>14,000</u>	<u>11,369</u>	<u>(2,631)</u>
Other Financing Sources (Uses):			
<i>Transfers out</i>	(14,000)	(10,000)	(4,000)
Total Other Financing Sources (Uses)	<u>(14,000)</u>	<u>(10,000)</u>	<u>(4,000)</u>
Net Change in Fund Balances	--	1,369	1,369
Fund Balances - Beginning	<u>2,754</u>	<u>2,754</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 2,754</u>	<u>\$ 4,123</u>	<u>\$ 1,369</u>

**CITY OF CORINTH, TEXAS**  
MUNICIPAL COURT TECHNOLOGY FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Traffic fines and forfeitures</i>	\$ 18,700	\$ 13,062	\$ (5,638)
<i>Interest income</i>	--	50	50
Total revenues	<u>18,700</u>	<u>13,112</u>	<u>(5,588)</u>
Expenditures:			
Current:			
<i>Public safety</i>	20,000	18,000	2,000
Total Expenditures	<u>20,000</u>	<u>18,000</u>	<u>2,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,300)</u>	<u>(4,888)</u>	<u>(3,588)</u>
Net Change in Fund Balances	(1,300)	(4,888)	(3,588)
Fund Balances - Beginning	<u>16,944</u>	<u>16,944</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 15,644</u>	<u>\$ 12,056</u>	<u>\$ (3,588)</u>

**CITY OF CORINTH, TEXAS**  
 PARKS DEVELOPMENT FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Donations</i>	\$ --	\$ 134,150	\$ 134,150
<i>Interest income</i>	--	371	371
Total revenues	<u>--</u>	<u>134,521</u>	<u>134,521</u>
Expenditures:			
Current:			
<i>Community services</i>	77,000	43,142	33,858
Total Expenditures	<u>77,000</u>	<u>43,142</u>	<u>33,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(77,000)</u>	<u>91,379</u>	<u>168,379</u>
Net Change in Fund Balances	(77,000)	91,379	168,379
Fund Balances - Beginning	<u>77,424</u>	<u>77,424</u>	--
Fund Balances - Ending	<u>\$ 424</u>	<u>\$ 168,803</u>	<u>\$ 168,379</u>

**CITY OF CORINTH, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT C-11**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Property</i>	\$ 1,963,567	\$ 1,991,395	\$ 27,828
<i>Interest income</i>	--	10,441	10,441
Total revenues	<u>1,963,567</u>	<u>2,001,836</u>	<u>38,269</u>
Expenditures:			
Debt Service:			
<i>Principal</i>	1,456,375	1,456,375	--
<i>Interest</i>	866,088	847,405	18,683
Total Expenditures	<u>2,322,463</u>	<u>2,303,780</u>	<u>18,683</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(358,896)</u>	<u>(301,944)</u>	<u>56,952</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	793,232	797,772	4,540
Total Other Financing Sources (Uses)	<u>793,232</u>	<u>797,772</u>	<u>(4,540)</u>
Net Change in Fund Balances	434,336	495,828	61,492
Fund Balances - Beginning	<u>792,241</u>	<u>792,241</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 1,226,577</u>	<u>\$ 1,288,069</u>	<u>\$ 61,492</u>

**CITY OF CORINTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2011**

	Vehicle Replacement Fund	Street Escrow Fund
<b>ASSETS</b>		
<i>Cash</i>	\$ 301,602	\$ 17,405
<i>Investments</i>	--	353,505
Receivables (net of allowances for uncollectibles):		
<i>Interest</i>	--	--
<b>Total Assets</b>	<b>\$ 301,602</b>	<b>\$ 370,910</b>
<b>LIABILITIES:</b>		
<i>Accounts payable</i>	\$ 582	\$ --
<b>Total Liabilities</b>	<b>582</b>	<b>--</b>
<b>Fund Balances:</b>		
<i>Restricted</i>	--	--
<i>Committed</i>	301,020	370,910
<b>Total Fund Balances</b>	<b>301,020</b>	<b>370,910</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 301,602</b>	<b>\$ 370,910</b>



EXHIBIT C-12

2004 Tax Notes Fund	2007 CO Tech Fund	2010 CO Fire Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 120,987	\$ 96,156	\$ 33,224	\$ 569,374
--	--	285,136	638,641
--	--	69	69
<u>\$ 120,987</u>	<u>\$ 96,156</u>	<u>\$ 318,429</u>	<u>\$ 1,208,084</u>
\$ 7,766	\$ --	\$ 7,424	\$ 15,772
7,766	--	7,424	15,772
113,221	96,156	311,005	520,382
--	--	--	671,930
<u>113,221</u>	<u>96,156</u>	<u>311,005</u>	<u>1,192,312</u>
<u>\$ 120,987</u>	<u>\$ 96,156</u>	<u>\$ 318,429</u>	<u>\$ 1,208,084</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, 2011

	Vehicle Replacement Fund	Street Escrow Fund
Revenue:		
Taxes:		
<i>Interest income</i>	\$ 529	\$ 2,212
<i>Miscellaneous income</i>	14,329	--
Total revenues	<u>14,858</u>	<u>2,212</u>
Expenditures:		
Current:		
<i>Public safety</i>	82,871	--
<i>Community services</i>	42,516	--
<i>Planning and community development</i>	--	--
<i>City Administration</i>	18,846	--
<i>Capital Outlay</i>	--	--
Total Expenditures	<u>144,233</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(129,375)</u>	<u>2,212</u>
Other Financing Sources (Uses):		
<i>Transfers in</i>	175,000	--
<i>Transfers out</i>	--	--
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>--</u>
Net Change in Fund Balances	45,625	2,212
Fund Balances - Beginning	<u>255,395</u>	<u>368,698</u>
Fund Balances - Ending	<u>\$ 301,020</u>	<u>\$ 370,910</u>

EXHIBIT C-13

2004 Tax Notes Fund	2007 CO Tech Fund	2010 CO Fire Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ 442	\$ 1,364	\$ 1,678	\$ 6,225
--	--	3,924	18,253
<u>442</u>	<u>1,364</u>	<u>5,602</u>	<u>24,478</u>
--	--	448,634	531,505
--	--	--	42,516
30,076	--	--	30,076
--	--	--	18,846
--	164,214	--	164,214
<u>30,076</u>	<u>164,214</u>	<u>448,634</u>	<u>787,157</u>
<u>(29,634)</u>	<u>(162,850)</u>	<u>(443,032)</u>	<u>(762,679)</u>
--	110,000	--	285,000
--	(45,000)	--	(45,000)
<u>--</u>	<u>65,000</u>	<u>--</u>	<u>240,000</u>
(29,634)	(97,850)	(443,032)	(522,679)
<u>142,855</u>	<u>194,006</u>	<u>754,037</u>	<u>1,714,991</u>
\$ <u>113,221</u>	\$ <u>96,156</u>	\$ <u>311,005</u>	\$ <u>1,192,312</u>

**CITY OF CORINTH, TEXAS**

EXHIBIT C-14

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2011

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
<b>SIDEWALK ESCROW FUND</b>				
<b>ASSETS</b>				
<i>Cash &amp; Investments</i>	\$ 14,061	\$ 47	\$ 108	\$ 14,000
Total Assets	\$ 14,061	\$ 47	\$ 108	\$ 14,000
<b>LIABILITIES</b>				
<i>Other Liabilities</i>	\$ 14,061	\$ 47	\$ 108	\$ 14,000
Total Liabilities	\$ 14,061	\$ 47	\$ 108	\$ 14,000

**CITY OF CORINTH, TEXAS**  
 ECONOMIC DEVELOPMENT CORPORATION  
 DISCRETELY PRESENTED COMPONENT UNIT  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-15

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 471,372	\$ 528,205	\$ 56,833
<i>Interest income</i>	21,200	14,202	(6,998)
<i>Miscellaneous income</i>	--	45	45
Total revenues	<u>492,572</u>	<u>542,452</u>	<u>49,880</u>
Expenditures:			
Current:			
<i>Planning and community development</i>	480,986	291,414	189,572
<i>Capital Outlay</i>	34,068	--	34,068
Total Expenditures	<u>515,054</u>	<u>291,414</u>	<u>223,640</u>
Net Change in Fund Balances	(22,482)	251,038	273,520
Fund Balances - Beginning	<u>2,037,955</u>	<u>2,037,955</u>	--
Fund Balances - Ending	<u>\$ 2,015,473</u>	<u>\$ 2,288,993</u>	<u>\$ 273,520</u>

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## 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.

<b>Contents</b>	<b>Page</b>
Financial Trends	88
<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	93
<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	100
<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	104
<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	107
<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 NINE FISCAL YEARS (1), (2), (3), and (4)**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
*(Unaudited)*

	Fiscal Year		2005		2006		2007		2008		2009		2010		2011	
<b>Governmental Activities</b>																
Invested in Capital Assets,																
Net of Related Debt	\$	(199,068)	\$	565,152	\$	43,870,301	\$	42,786,734	\$	40,684,154	\$	41,050,434	\$	39,858,647	\$	41,537,428
Restricted		2,626,881		3,417,639		977,578		2,951,097		3,020,980		795,115		6,713,859		1,825,248
Unrestricted		1,754,328		1,635,029		6,226,345		5,847,984		6,112,583		8,395,075		2,683,382		7,430,631
<b>Total Governmental Activities Net Assets</b>	\$	4,182,141	\$	5,617,820	\$	51,174,224	\$	51,565,815	\$	49,817,717	\$	50,240,624	\$	49,255,868	\$	50,793,307
<b>Business-type Activities</b>																
Invested in Capital Assets,																
Net of Related Debt	\$	12,112,465	\$	10,987,669	\$	12,462,107	\$	13,801,367	\$	15,604,347	\$	15,881,901	\$	17,746,701	\$	19,490,897
Restricted		1,683,050		1,866,796		1,364,100		2,625,039		5,229,817		5,638,822		5,883,737		5,858,621
Unrestricted		(456,751)		(1,055,443)		799,118		19,382,228		20,834,164		21,520,723		23,630,438		25,349,518
<b>Total Business-type Activities Net Assets</b>	\$	13,338,764	\$	11,799,022	\$	14,625,325	\$	16,426,406	\$	20,834,164	\$	21,520,723	\$	23,630,438	\$	25,349,518
<b>Primary Government</b>																
Invested in Capital Assets,																
Net of Related Debt	\$	11,913,397	\$	11,552,821	\$	58,748,420	\$	58,904,113	\$	56,286,501	\$	56,932,335	\$	57,605,348	\$	61,028,325
Restricted		4,309,931		5,284,435		2,341,678		2,951,097		3,020,980		795,115		6,713,859		1,825,248
Unrestricted		1,297,577		579,586		7,025,463		8,473,023		11,342,400		14,033,897		8,567,119		13,289,252
<b>Total Primary Government Net Assets</b>	\$	17,520,905	\$	17,416,842	\$	68,115,561	\$	70,328,233	\$	70,651,881	\$	71,761,347	\$	72,886,326	\$	76,142,825

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

- Governmental Activities:
- (1) 2007 restated for debt reallocation.
  - (2) 2005 through 2009 restated for correction of basis in streets
  - (3) 2009 restated for reclassification of fund

- Business-type Activities
- (4) 2009 restated for miscellaneous revenue and debt expenses



TABLE D-2

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

	2003	2004	2005	2006	2007 (1)	2008 (2)	2009	2010	2011
<b>Expenses</b>									
<b>Governmental Activities:</b>									
Public safety	\$ 1,833,954	\$ 2,158,121	\$ 2,157,623	\$ 2,570,307	\$ 2,745,345	\$ 6,891,366	\$ 7,956,599	\$ 7,716,433	\$ 7,454,086
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	1,979,094	1,713,873
Culture & Recreation	1,043,990	1,048,510	1,173,264	4,105,885	4,065,127	4,571,006	1,784,753	4,152,860	4,268,961
Public works	1,778,484	699,839	3,415,957	596,687	744,218	810,774	877,117	875,457	709,683
Highways & Streets	--	--	350,040	--	--	--	--	--	--
Planning and community development	444,553	394,067	206,577	594,134	713,750	1,425,905	1,340,171	1,876,455	1,663,492
Community development	314,892	246,323	--	725,165	949,085	702,155	686,977	688,069	634,749
Economic development	--	--	--	--	--	--	--	--	--
City administration	--	--	1,811,599	--	--	--	--	--	--
Financial and administrative services	1,429,309	1,476,264	769,953	578,365	530,981	894,159	969,752	920,663	809,445
General Government	1,582,717	870,298	11,360,389	12,385,871	13,549,708	17,246,207	16,068,125	18,209,031	17,254,289
Interest on Long-Term Debt	9,573,857	8,211,081	--	--	--	--	--	--	--
Total Governmental Activities Expenses	7,033,190	7,288,289	7,775,047	8,384,025	8,353,563	9,959,789	10,356,404	10,261,683	9,981,826
<b>Business-type Activities:</b>									
Water and Wastewater	--	--	295,597	207,768	347,612	464,127	510,190	527,768	449,894
Storm Water Utility	7,033,190	7,288,289	8,070,644	8,591,793	8,701,175	10,423,916	10,866,594	10,789,451	10,431,720
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	10,789,451	10,431,720
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	\$ 28,998,482	\$ 27,686,009
<b>Program Revenues</b>									
<b>Governmental Activities:</b>									
Charges for Services:	\$ 239,822	\$ 447,107	\$ 492,359	\$ 133,700	\$ 171,534	\$ 2,442,177	\$ 3,028,462	\$ 2,858,365	\$ 3,218,248
Public safety	--	--	--	774,741	750,410	208,352	178,695	197,322	305,958
Community services	--	--	--	--	--	--	--	--	340,413
Public Works	104,945	97,960	130,454	--	--	--	--	--	--
Culture & Recreation	--	--	--	661,209	493,749	416,347	297,861	298,676	564,447
Planning and community development	--	--	--	7,890	13,972	--	--	--	--
City administration	--	--	--	252,636	559,992	881,951	1,024,019	1,180,425	177,273
Finance and administrative services	--	--	--	--	--	--	--	--	--
General Government	1,108,355	1,099,768	1,147,641	211,840	202,291	271,544	107,572	166,836	152,477
Operating Grants and Contributions	2,476	25,716	159,282	688,101	1,055,742	725,200	171,306	1,243,666	858,404
Capital Grants and Contributions	--	36,796	5,786	--	--	--	--	--	--
Total Governmental Activities Program Revenues	1,455,598	1,707,347	1,935,622	2,729,937	3,247,680	4,945,571	4,807,915	5,945,290	5,617,220
<b>Business-type Activities:</b>									
Charges for Services:	\$ 5,829,380	\$ 5,622,897	\$ 7,200,377	\$ 8,624,995	\$ 8,706,440	\$ 10,169,565	\$ 10,306,400	\$ 11,094,103	\$ 12,221,335
Water and Wastewater	--	--	295,598	364,504	432,848	495,193	552,871	587,074	552,916
Storm Water Utility	--	--	1,208,704	--	--	--	--	--	--
Operating Grants and Contributions	--	886,106	--	1,265,180	2,127,103	2,071,941	649,055	1,255,490	1,303,744
Capital Grants and Contributions	5,829,380	6,509,003	8,704,679	10,254,679	11,266,391	12,736,699	11,508,326	12,936,667	14,077,995
Total Business-type Activities Program Revenues	7,284,978	8,216,350	10,640,201	12,984,616	14,514,081	17,682,270	16,316,241	18,881,957	19,695,215
Total Primary Government Program Revenues	\$ (9,322,069)	\$ (7,283,020)	\$ (8,790,852)	\$ (7,993,048)	\$ (7,736,802)	\$ (9,987,853)	\$ (10,618,478)	\$ (10,116,525)	\$ (7,990,794)
<b>Net (Expense)/Revenue</b>	\$ (8,118,259)	\$ (6,503,734)	\$ (9,424,857)	\$ (9,655,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)
<b>Governmental Activities</b>	\$ (1,203,810)	\$ (779,286)	\$ 634,035	\$ 1,662,886	\$ 2,565,216	\$ 2,312,783	\$ 641,732	\$ 2,147,216	\$ 3,646,275
<b>Business-type Activities</b>	\$ (6,914,449)	\$ (5,724,448)	\$ (10,058,892)	\$ (11,318,820)	\$ (12,867,234)	\$ (10,675,070)	\$ (11,901,942)	\$ (14,110,937)	\$ (15,283,344)
Total Primary Government Net Expense	\$ (8,118,259)	\$ (6,503,734)	\$ (9,424,857)	\$ (9,655,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)

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.

TABLE D-3

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

	Fiscal Year								
	2003	2004	2005	2006	2007 (1)	2008 (2)	2009	2010	2011
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (8,118,258)	\$ (6,503,734)	\$ (9,424,867)	\$ (9,635,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)
Business-type Activities	(1,203,810)	(779,286)	634,034	1,662,886	2,565,216	2,312,783	641,732	2,147,216	3,646,275
Total Primary Government Net Expense	(9,322,068)	(7,283,020)	(8,790,833)	(7,973,048)	(7,736,802)	(9,987,853)	(10,618,478)	(10,116,525)	(7,990,794)
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities:									
Taxes									
Property Taxes	3,689,016	6,515,600	6,841,794	6,894,264	7,362,347	7,784,085	8,288,285	8,117,648	8,236,635
Franchise Taxes	676,333	832,345	742,121	1,289,688	667,199	894,191	1,456,065	919,700	1,083,786
Sales Taxes	855,211	824,038	1,114,945	1,441,016	1,539,307	1,523,963	1,017,734	1,463,459	1,591,901
Other Taxes	3,586	18,297	4,169	--	--	--	--	--	--
Investment Earnings	47,337	86,918	114,676	427,975	562,353	740,740	318,460	207,718	98,465
Miscellaneous	2,260,952	531,844	236,163	37,082	46,395	73,884	95,154	20,050	34,555
Special item outflow	--	--	--	--	--	(1,742,435)	--	--	(700,000)
Transfers	780,000	(559,938)	(486,669)	(22,500)	(138,510)	1,515,701	360,418	550,426	2,734,363
Total Governmental Activities	8,312,435	8,249,104	8,567,199	10,067,525	10,039,091	10,790,129	11,536,116	11,279,001	13,079,705
Business-type Activities:									
Investment Earnings	8,934	51,133	120,742	95,712	164,855	643,642	295,606	157,497	75,308
Miscellaneous	1,201,954	--	19,606	19,983	103,243	11,212	53,980	355,428	31,859
Special item inflow	--	--	--	--	--	--	--	--	700,000
Transfers	(680,000)	559,938	485,120	22,500	138,510	(1,515,701)	(360,418)	(550,426)	(2,734,363)
Total Business-type Activities	530,888	611,071	625,468	138,195	406,608	(860,847)	(10,832)	(37,501)	(1,927,196)
Total Primary Government	8,843,323	8,860,175	9,192,667	10,205,720	10,445,699	9,929,282	11,525,284	11,241,500	11,152,509
Change in Net Assets									
Governmental Activities	194,177	1,745,370	(857,668)	411,771	(262,927)	(1,510,507)	275,906	(984,740)	1,442,636
Business-type Activities	(672,922)	(168,215)	1,259,502	1,801,081	2,971,824	1,451,936	630,900	2,109,715	1,719,079
Total Primary Government	(478,745)	1,577,155	401,834	2,212,852	2,708,897	(58,571)	906,806	1,124,975	3,161,715

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										2011 (1)	
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
<b>General Fund</b>												
Reserved	\$ --	\$ 2,321,856	\$ 70,996	\$ 60,234	\$ 88,311	\$ 152,119	\$ 185,245	\$ 103,982	\$ 143,025	\$ --	\$ --	\$ 216,714
Non-Spendable	--	--	--	--	--	--	--	--	--	--	--	--
Committed	--	--	--	--	--	--	--	--	--	--	--	--
Unreserved	3,254,610	650,644	2,835,785	4,016,196	5,574,219	6,038,090	4,559,689	4,337,600	3,730,485	--	--	4,552,509
Unassigned	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total General Fund</b>	<b>\$ 3,254,610</b>	<b>\$ 2,972,500</b>	<b>\$ 2,906,781</b>	<b>\$ 4,076,430</b>	<b>\$ 5,662,349</b>	<b>\$ 6,190,209</b>	<b>\$ 4,744,934</b>	<b>\$ 4,441,582</b>	<b>\$ 3,873,510</b>	<b>\$ 4,769,223</b>	<b>\$ --</b>	<b>\$ 4,769,223</b>
<b>All Other Governmental Funds</b>												
Reserved	\$ 1,857,159	\$ 2,336,307	\$ 3,158,826	\$ 1,811,859	\$ 1,259,957	\$ 1,517,764	\$ 1,130,120	\$ 2,660,627	\$ 4,666,027	\$ --	\$ --	\$ 4,158,901
Restricted	--	--	--	--	--	--	--	--	--	--	--	1,170,771
Committed	--	--	--	--	--	--	--	--	--	--	--	--
Unreserved, Reported In:												
Special Revenue Funds	--	59,568	32,373	247,791	792,626	1,190,922	1,472,819	1,862,162	1,879,248	--	--	--
Capital Projects Funds	6,123,649	1,698,645	707,092	930,290	1,672,512	9,324,007	10,639,614	7,670,458	2,054,708	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total All Other Governmental Funds</b>	<b>\$ 7,980,808</b>	<b>\$ 4,094,520</b>	<b>\$ 3,898,291</b>	<b>\$ 2,989,940</b>	<b>\$ 3,725,095</b>	<b>\$ 12,032,693</b>	<b>\$ 13,242,553</b>	<b>\$ 12,193,247</b>	<b>\$ 8,599,983</b>	<b>\$ 5,329,672</b>	<b>\$ --</b>	<b>\$ 5,329,672</b>

(1) GASB-54 was implemented in 2011

TABLE D-5

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

	Fiscal Year										
	2001	2002	2003	2004	2005	2006	2007 (1)	2008	2009	2010	2011
<b>Revenues</b>											
Taxes	5,722,419 \$	6,313,191 \$	7,199,835 \$	8,107,616 \$	8,779,829 \$	9,618,306 \$	9,498,132 \$	10,247,707 \$	10,771,375 \$	10,530,117 \$	10,911,621
Licenses, Fees and Permits	1,729,410	1,243,710	1,108,403	909,512	916,794	661,652	468,395	400,375	283,232	304,009	1,091,761
Fines and Penalties	307,781	233,218	401,998	645,582	393,893	657,395	627,526	670,529	700,857	652,755	634,141
Charges for Services	39,120	42,465	87,905	212,917	423,299	468,651	782,146	2,639,945	3,256,122	3,529,997	2,547,590
Investment Earnings	180,836	75,210	47,424	27,843	91,574	427,975	562,354	740,741	318,461	207,717	98,464
Donations	--	--	--	--	--	--	--	--	--	713,564	1,012,607
Special Assessments	98,381	725	431	--	--	--	134,798	251,200	114,719	110,972	--
Intergovernmental	--	--	--	--	--	64,138	182,512	256,369	97,101	269,142	--
Other Revenues	613,836	144,086	24,173	546,344	323,557	433,153	48,776	613,801	99,494	63,697	160,528
<b>Total Revenues</b>	<b>8,691,783</b>	<b>8,052,605</b>	<b>8,869,169</b>	<b>10,449,794</b>	<b>10,928,746</b>	<b>12,331,270</b>	<b>12,304,639</b>	<b>15,820,667</b>	<b>15,641,361</b>	<b>16,381,970</b>	<b>16,456,712</b>
<b>Expenditures</b>											
Public safety	2,263,152	2,770,171	1,833,954	2,158,121	2,157,623	2,532,277	2,682,037	8,120,829	7,740,539	9,241,429	8,073,621
Fire	--	--	1,145,958	--	1,475,376	1,565,570	1,995,931	--	--	--	--
Community services	--	--	--	--	--	1,722,157	1,662,575	1,888,806	2,309,808	1,825,414	1,752,285
Culture & Recreation	759,170	1,070,709	1,043,990	1,049,510	1,079,253	--	--	--	--	876,510	1,640,574
Public works	--	--	--	--	--	1,678,825	1,471,635	1,464,051	929,424	--	--
Highways & Streets	1,201,901	1,192,125	1,778,434	698,839	1,051,583	584,199	731,568	822,157	855,155	872,953	899,586
Planning and community development	--	--	--	--	--	--	--	--	--	--	--
Community development	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	1,659,476	1,454,431
Finance and administrative services	--	--	--	--	--	689,849	895,690	705,898	685,409	672,763	614,157
General Government	1,055,782	1,217,509	1,429,309	1,476,264	2,159,873	--	--	1,185,301	973,949	--	5,122,041
Capital Outlay	444,194	240,069	173,499	43,033	--	--	--	--	--	6,088,235	--
Debt Service	--	--	--	--	--	--	--	--	--	--	--
Interest	1,066,865	765,605	1,582,717	870,298	753,583	587,389	516,490	889,048	919,943	870,581	847,405
Principal	900,924	679,744	741,250	776,750	1,415,000	1,437,500	781,750	1,257,650	1,494,683	1,480,700	1,456,375
Bond issuance costs	--	--	--	--	--	65,363	149,074	728	1,107	27,827	--
<b>Total Expenditures</b>	<b>8,343,599</b>	<b>8,470,413</b>	<b>10,488,556</b>	<b>9,030,864</b>	<b>10,644,870</b>	<b>11,314,309</b>	<b>11,461,076</b>	<b>17,571,782</b>	<b>17,408,965</b>	<b>22,625,888</b>	<b>21,660,455</b>
<b>Excess Over (Under) Expenditures</b>	<b>348,184</b>	<b>(417,808)</b>	<b>(1,619,387)</b>	<b>1,418,930</b>	<b>283,876</b>	<b>938,610</b>	<b>843,563</b>	<b>(1,751,115)</b>	<b>(1,767,604)</b>	<b>(6,243,918)</b>	<b>(5,203,743)</b>
<b>Other Financing Sources (Uses)</b>											
Bonds Issued	2,530,000	--	--	--	1,200,000	3,962,400	12,139,950	--	--	1,500,000	--
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	550,426	2,734,363
<b>Total Other Financing Sources (uses)</b>	<b>2,530,000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,307,346</b>	<b>281,949</b>	<b>7,991,895</b>	<b>1,515,701</b>	<b>365,852</b>	<b>2,050,426</b>	<b>2,794,363</b>
<b>Net Change in Fund Balances</b>	<b>2,878,184 \$</b>	<b>(417,809) \$</b>	<b>(1,619,387) \$</b>	<b>1,418,930 \$</b>	<b>1,591,222 \$</b>	<b>1,288,910 \$</b>	<b>8,835,458 \$</b>	<b>(235,414) \$</b>	<b>(1,401,752) \$</b>	<b>(4,193,492) \$</b>	<b>(2,469,380)</b>
<b>Debt Service as A Percentage Of Noncapital Expenditures</b>	33.20%	21.30%	29.10%	22.40%	25.30%	21.90%	12.80%	12.80%	15.20%	15.16%	13.87%

(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
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
2010	8,142,985	1,463,459	923,673	10,530,117
2011	8,235,934	1,591,901	1,083,786	10,911,621
Percent Change 2002-2011	167.6%	168.6%	70.0%	153.3%

(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
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	0.5770	1,393,914,517	97.629%
2010	1,153,359,201	325,754,337	92,100,190	1,387,013,348	0.5770	1,387,013,348	100.000%
2011	1,252,309,929	234,688,468	96,489,458	1,390,508,939	0.5929	1,390,508,939	100.000%

Source: Denton Central Appraisal District.

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
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
2010	0.4385	0.1385	0.5770	1.5300	1.6700	0.1500	0.2739
2011	0.4495	0.1435	0.5929	1.5300	1.6700	--	0.2774

Source: Denton Central Appraisal District

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
MedPartners Managment LLS	\$ 16,450,000	1	1.18%			
Denton County Electric Coop	15,086,139	2	1.08%	\$ 9,341,450	4	0.89%
ONCOR Elec Delivery/TXU	11,715,900	3	0.84%	12,354,140	3	1.17%
Utter Properties, LLC	7,083,457	4	0.51%	4,660,867	10	0.44%
Tower Ridge Corinth I, LTD	6,299,659	5	0.45%			
HD Supply Utilite LTD #3430	5,685,721	6	0.41%			
Utter, Bill	5,139,593	7	0.37%	7,055,732	6	0.67%
North Tx Nissan Realty, Inc.	4,968,688	8	0.36%			
Kensington Square LP PS	4,850,000	9	0.35%	5,002,948	9	0.47%
Dallas GSGS Properties LLC	4,523,428	10	0.33%			
Boeing - Corinth Inc	--			43,154,435	1	4.10%
ACLP Kensington Park LP	--			15,102,080	2	1.43%
Albertson's	--			7,139,982	5	0.68%
Lake Sharon LP	--			5,533,844	7	0.53%
Pulte Homes of Tx LP	--			5,389,807	8	0.51%
<b>Total</b>	<b>\$ 81,802,585</b>		<b>5.88%</b>	<b>\$ 114,735,285</b>		<b>10.89%</b>

Source: Denton Central Appraisal District



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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
	Amount	Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 4,999,407	\$ 4,930,784	98.63%	\$ 65,877	\$ 4,996,661	99.95%
2003	5,436,978	5,038,229	92.67%	395,767	5,433,996	99.95%
2004	6,049,602	5,983,684	98.91%	62,195	6,045,879	99.94%
2005	6,595,499	6,463,636	98.00%	131,225	6,594,861	99.99%
2006	6,770,070	6,706,697	99.06%	59,556	6,766,253	99.94%
2007	7,234,271	7,166,741	99.07%	63,067	7,229,808	99.94%
2008	7,497,484	7,428,184	99.08%	59,165	7,487,349	99.86%
2009	8,213,110	8,155,554	99.30%	47,202	8,202,756	99.87%
2010	8,124,258	8,023,338	98.76%	88,517	8,111,855	99.85%
2011	8,158,910	8,121,978	99.55%	--	8,121,978	99.55%

Sources: Denton Central Appraisal District

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

	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)
Agriculture, Forestry and Fishing	\$ 288,145	\$ 368,182	\$ 1,701,873	\$ 1,575,004	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Construction	2,330,396	3,852,175	564,614	9,503	2,537,401	6,400,892	4,351,614	1,746,710	311,261	416,618
Manufacturing	289,864	358,527	301,795	754,783	4,962,686	2,591,753	2,772,834	2,711,306	2,684,841	1,429,858
Transportation, Communications and Utilities	50,548,742	76,007,439	82,638,801	98,276,725	78,610,397	85,742,334	103,385,801	88,626,467	90,520,993	42,116,782
Wholesale Trade	3,271,874	4,037,199	2,612,741	330,578	6,764,242	3,266,001	2,618,569	2,659,948	3,213,997	2,199,934
Retail Trade	27,929,397	29,002,808	29,599,390	31,313,395	22,303,872	23,723,243	23,956,474	19,843,355	20,760,276	10,482,388
Services	8,669,961	8,947,589	10,032,231	8,732,422	2,295,353	4,163,780	4,513,536	4,639,562	4,879,098	2,683,272
All Other Outlets	--	--	5,187	5,414,998	23,255,182	16,502,261	16,479,071	19,328,940	19,772,152	9,998,360
<b>Total</b>	<b>\$ 93,328,379</b>	<b>\$ 122,573,919</b>	<b>\$ 127,456,632</b>	<b>\$ 146,407,408</b>	<b>\$ 140,729,133</b>	<b>\$ 142,390,264</b>	<b>\$ 158,077,899</b>	<b>\$ 139,556,288</b>	<b>\$ 142,142,618</b>	<b>\$ 69,327,212</b>
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 2011 reports only the first two quarters.

**CITY OF CORINTH, TEXAS**

DIRECT AND OVERLAPPING SALES TAX RATES  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Corinth Direct Rate	Corinth Street Maintenance	Eco/Dev Sec 4(B)	Corinth Crime Control
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%
2010	1.00%	0.25%	0.50%	0.25%
2011	1.00%	0.25%	0.50%	0.25%

Source: Texas State Comptroller

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

Fiscal Year	General Bonded Debt				Other Gov't Activities Debt			Percentage of Actual Taxable Value of Property	Per Capita	Capital Leases
	General Obligation Bonds	Certificates of Obligation/ Tax Notes	Total Tax Supported Debt							
2002	\$ 15,049,000	\$ 1,500,000	\$ 16,549,000		1.72%	\$ 1,047				
2003	14,437,750	1,355,000	15,792,750		1.50%	933				
2004	13,796,000	1,200,000	14,996,000		1.32%	852				
2005	13,121,000	1,640,000	14,761,000		1.24%	829		107,346		
2006	13,257,100	135,000	13,392,400		1.10%	722		87,645		
2007	12,599,150	7,888,699	20,379,150		1.58%	1,048		67,098		
2008	11,791,500	9,154,333	20,945,833		1.56%	1,066		45,667		
2009	10,978,150	8,473,000	19,451,150		1.45%	983		23,314		
2010	10,106,450	9,364,000	19,470,450		1.40%	977		--		
2011	9,082,075	10,860,931	19,943,006		1.43%	1,000		--		

Fiscal Year	Business-type Activities				TOTAL PRIMARY GOVERNMENT		
	General Obligation Bonds	Certificates of Obligation	Total Tax Supported Debt		Total Government	Per Capita	Percentage of Personal Income
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		18,064,692	1,015	2.93%
2006	2,782,600	--	2,782,600		16,350,290	881	2.48%
2007	2,615,850	15,821,301	18,545,850		38,925,000	2,001	5.48%
2008	2,413,500	13,620,667	16,034,167		37,071,334	1,887	5.12%
2009	2,176,850	13,327,000	15,503,850		35,001,628	1,769	4.78%
2010	1,923,550	12,956,000	14,879,550		34,350,000	1,724	4.65%
2011	1,777,925	10,509,069	12,286,994		32,230,000	1,617	4.35%

TABLE D-14

**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>
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	0.79%	555
2010	10,106,450	0.73%	507
2011	9,082,075	0.65%	456

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

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Denton County	\$ 496,900,000	2.610%	\$ 12,969,090
Denton Independent School District	610,963,527	7.290%	44,539,241
Lake Dallas Independent School District	100,051,297	47.250%	47,274,238
Other Debt			
Denton County capital leases	1,090,112	2.610%	28,452
Denton ISD capital leases	814,800	7.290%	<u>59,399</u>
Subtotal, Overlapping Debt			104,870,420
City Direct Debt			<u>19,943,006</u>
Total Direct and Overlapping Debt			<u>\$ 124,813,426</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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010
Debt Limit	\$ 77,817,544	\$ 96,131,293	\$ 105,374,341	\$ 113,494,261	\$ 118,622,835	\$ 121,504,628	\$ 134,609,581	\$ 142,209,231	\$ 138,701,335	\$ 139,050,894
Total Net Debt Applicable to Limit	21,480,000	20,565,000	19,777,300	18,405,000	17,245,000	38,925,000	36,980,000	34,200,916	30,682,714	28,552,904
Legal Debt Margin	\$ 56,337,544	\$ 75,566,293	\$ 85,597,041	\$ 95,089,261	\$ 101,377,835	\$ 82,579,628	\$ 97,629,581	\$ 108,008,315	\$ 108,018,621	\$ 110,497,990
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	21.39%	18.77%	16.22%	14.54%	13.31%	30.24%	26.63%	24.58%	22.12%	20.53%

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

Assessed Value	\$ 1,390,508,939
Debt Limit (10% of Assessed Value)	139,050,894
Debt Applicable to Limit:	
General Obligation Bonds	32,230,000
Less: Amount Set Aside for Repayment of	
General Obligation Debt	3,677,096
Net Debt Applicable to Limit	28,552,904
Legal Debt Margin	\$ 110,497,990

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Population [1]	15,800	16,919	17,592	17,800	18,550	19,450	19,650	19,788	19,926	19,935
Median Household Income [2]	\$ 81,484	\$ 83,714	\$ 85,943	\$ 88,855	\$ 91,266	\$ 93,776	\$ 94,714	\$ 95,696	\$ 96,653	\$ 99,127
Per Capita Personal Income [3]	\$ 31,855	\$ 32,581	\$ 33,449	\$ 34,582	\$ 35,521	\$ 36,498	\$ 36,863	\$ 36,987	\$ 37,097	\$ 37,135
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	32	32	32	33
Education Level [6]										
High school graduate (or equivalent)	96%	96%	96%	96%	96%	96%	96%	96%	96%	88%
Some college/associate's degree	65%	65%	65%	65%	65%	65%	65%	65%	65%	31%
Bachelor's degree	39%	39%	39%	39%	39%	39%	39%	39%	39%	37%
Master's, professional or doctorate	11%	11%	11%	11%	11%	11%	11%	11%	11%	12%
School Enrollment [7]	4,126	4,418	4,594	4,648	4,844	5,092	5,144	5,196	5,246	5,298
Unemployment [8]	4.7%	5.0%	4.1%	4.2%	3.8%	4.0%	4.8%	4.9%	7.1%	7.9%

[1] Population data is an estimate from the North Central Texas Council of Governments.

[2] Median household income is an estimate based on the 2010 Census data using the Dallas/Fort Worth area Consumer Price Index for each year.

[3] PerCapita personal income is an estimate based on the 2010 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 2010 U.S. Census.

[6] Education level per the 2010 U.S. Census.

[7] School enrollment is an estimate based on the 2010 Census and the population growth for each year.

[8] Unemployment rate for September, 2011, 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	2011			2002 [1]		
	Employees	Rank	Percentage of Total City Employment [2]	Employees	Rank	Percentage of Total City Employment
Labinal	720	1	16.60%	--	--	--
North Central Texas College	382	2	8.81%	--	--	--
CoServ	350	3	8.07%	--	--	--
Atrium Hospital	220	5	5.07%	--	--	--
City of Corinth	154	4	3.55%	--	--	--
Albertsons	115	6	2.65%	--	--	--
Bill Utter Ford	114	7	2.63%	--	--	--
Ashton Gardens	40	8	0.92%	--	--	--
Harley Davidson	37	9	0.85%	--	--	--
Total	2,132		49.15%	--		--

Source: City Economic Development Division

[1] 2002 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
City Administration										
City Management	5.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Legal	--	--	--	--	--	1.0	1.0	1.0	1.0	1.0
Public Safety										
Police	22.0	25.0	25.0	26.0	30.0	31.0	31.0	31.0	28.0	28.0
Animal Control	--	1.0	1.0	1.5	1.5	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	41.0	41.0
Public Works										
Streets	12.9	12.4	5.4	7.4	7.0	7.0	7.0	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	2.0
Community Development [3]	12.0	9.0	8.0	8.0	5.0	5.0	5.0	5.0	5.0	5.0
Planning	2.0	3.0	3.0	2.0	2.0	4.0	5.0	5.0	4.0	4.0
Code Enforcement & Permitting	--	--	--	3.0	3.0	1.0	1.0	--	--	--
Community Services	14.0	16.0	18.0	17.0	17.0	--	--	--	--	--
Municipal Court	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Parks & Recreation						18.3	18.3	18.3	17.8	17.8
Finance & Admin. Services										
Finance [4]	7.0	6.0	7.0	8.0	5.0	6.0	7.0	7.0	6.5	6.5
Human Resources	--	--	--	--	2.0	2.0	3.0	3.0	3.0	3.0
Information Services	--	--	--	--	1.0	2.0	2.0	2.0	2.5	2.5
Water/Wastewater Fund										
Water/Wastewater	23.1	26.6	26.6	26.6	23.6	23.0	23.0	23.0	21.0	21.0
Utility Billing	--	--	--	--	3.0	3.0	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	3.0	3.0
Crime Control District Fund	--	--	--	--	2.0	1.0	2.0	2.0	2.0	2.0
Child Safety Program	--	--	--	--	--	--	3.0	3.0	3.0	3.0
Child Safety Program	--	--	--	--	--	--	--	--	0.3	0.3
<b>Total</b>	<b>103.0</b>	<b>147.0</b>	<b>141.0</b>	<b>146.5</b>	<b>152.1</b>	<b>157.8</b>	<b>165.8</b>	<b>164.8</b>	<b>158.6</b>	<b>158.6</b>

Source: Finance and Administrative Services Department  
 [1] For improved understanding, the City is reporting the full-time equivalent employees by department (i.e. "Public Works") then division (i.e. "Streets"). The legal level of budgetary control for the City is at the department level; the change in statistical reporting therefore gives a clearer picture of FTEs as they relate to the budget.  
 [2] The Lake Cities Fire Department became a wholly integrated department of the City of Corinth on January 18, 2008.  
 [3] Code Enforcement division was combined with Community Development from 2002 through 2004.  
 [4] In fiscal year 2006, the Human Resources and Information Services divisions were reported separately from the Finance division.

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Building Permits - Single Family Home	345	290	265	176	108	50	18	20	25	32
Building Permits - Commercial	22	16	18	17	9	3	7	2	2	2
Police										
Physical Arrests	431	535	528	713	836	572	565	531	516	410
Parking Violations	75	91	117	105	38	51	22	41	20	38
Traffic Violations	4,958	5,379	6,471	4,940	8,711	7,102	6,756	5,978	6,046	5,544
Fire [1]										
Emergency Responses	708	718	810	921	930	1,089	2,235	2,198	2,422	2,600
Fires Extinguished	23	21	18	33	29	42	33	55	56	66
Inspections	--	--	--	--	137	349	330	313	376	395
Other Public Works [2]										
Street Resurfacing (miles)	--	1	1	<1	<1	1	<1	<1	3	3
Potholes Repaired	1,076	1,843	1,265	1,040	461	6,080	1,275	1,110	637	1,160
Parks and Recreation										
Classes offered (hours) [3]	--	--	669	816	565	526	1,935	1,424	894	454
Participants	--	--	4,419	4,883	4,150	3,758	7,501	7,162	4,420	4,105
Special events hours [3]	--	--	123	111	124	117	698	963	1,351	4,484
Participants	--	--	18,255	15,639	21,284	22,000	18,187	22,065	31,409	39,567
Athletic League Participants/Attendees	--	--	--	--	--	24,880	82,890	83,010	115,910	126,940
Recreation center general use (hours) [4]	--	--	4,052	8,735	12,453	15,768	10,072	7,095	5,327	7,243
Water										
New Connections	478	382	234	202	131	98	12	15	35	50
Water Main Breaks	--	31	41	37	47	5	11	26	9	8
Average Daily Consumption (millions of gallons)	2.44	2.79	2.52	3.00	3.55	2.45	2.66	2.60	2.24	3.77
Peak Daily Consumption (millions of gallons)	5.73	8.10	7.15	7.04	7.35	5.59	7.00	6.24	6.36	7.99
Wastewater										
New Connections	12	13	2	33	22	151	14	16	35	43
Average Daily Sewage Treatment (millions of gallons)	0.53	0.52	0.66	0.72	0.67	1.05	1.01	1.05	1.20	1.02
Upper Trinity Regional Water District [5]	0.79	0.78	0.99	1.45	1.25	0.70	0.92	0.84	0.92	0.30
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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	13	13	18	18	18	18	18	18	18
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	76	78	90	95	100	108	110	110	111	111
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	2	6
Parks and Recreation										
Acreage	182	182	182	182	182	184	184	184	184	184
Playgrounds	8	8	9	10	10	11	11	11	11	11
Baseball/Softball Fields	5	7	7	7	7	7	8	8	8	8
Soccer/Football Fields	3	6	6	6	6	6	6	6	6	6
Recreation Centers	2	2	2	2	2	2	2	2	2	2
Trails (miles)	--	--	--	11.66	11.66	12.74	12.74	12.74	12.74	12.74
Water										
Connections	5,625	6,007	6,241	6,443	6,574	6,672	6,671	6,719	6,766	6,780
Water Mains (miles)	--	--	102	103	105	103	103	105	106	108
Fire Hydrants	680	693	695	728	750	732	732	774	785	787
Storage Capacity (millionss of gallons)	6.0	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	5,395	5,715	6,025	6,222	6,267	6,418	6,413	6,452	6,433	6,512
Sanitary Sewers (miles)	82.0	87.0	94.0	94.0	95.2	93.7	93.7	96.2	96.4	97.6
Storm Sewers (miles)	19.08	21.08	23.06	26.04	30.04	31.00	31.00	33.46	35.30	36.85
Treatment Capacity, UTRWD (mgd) [1]	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82

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.