

CITY OF CORINTH, TX

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended September 30, 2012



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Department of
Finance & Administrative Services

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Financial Services Manager

CITY OF CORINTH, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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January 26, 2013

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, 2012. 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 auditors' report, Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information, combining and individual fund financial statements and other supplemental information. The *Statistical* section includes selected financial and demographic information, generally presented on a multi-year basis. The information is presented in table format to assist the reader with a comparative analysis.

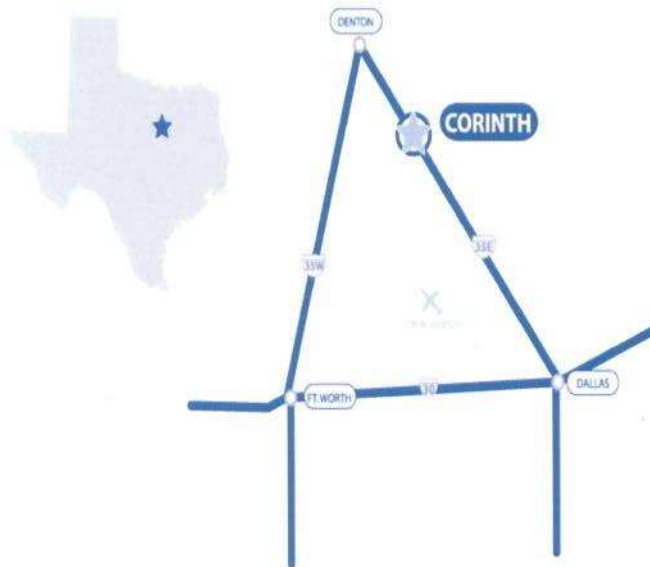
Management's discussion and analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Corinth's MD&A can be found immediately following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

INDEPENDENT AUDIT

The City of Corinth's financial statements have been audited by 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, 2012, 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, 2012, 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 19,944. 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 2012. 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 6.2 percent, the overall state of Texas rate was 6.1 percent and the nation as a whole was 7.8 percent.

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 2011 tax year by \$21.7 million, a 1.59 percent increase over the 2010 certified value, which had also increased 1.81 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 6.16% over the prior year's receipts in FY 2011-12. For fiscal year 2012-13, sales tax revenue is projected to hold firm at \$1.1 million. 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 Accounts. The City is continuing to work to increase its sales tax base with the Corinth Economic Development Corporation which receives the proceeds from a ½ cent sales tax enacted in 2003. Corinth is currently focused on encouraging commercial development and providing the infrastructure required to support it. Corinth continues to draw more interest from apartment, restaurant and commercial developers as the DFW area and Texas economy continues to grow.

MAJOR INITIATIVES

Because of the hard work, tough decisions, and structural reductions made by city officials and staff in previous years to deal with budget shortfalls, the city was able to propose a balanced budget that maintained the City's fiscal integrity, addressed Council priorities, and maintained service levels while still providing a decrease in the tax rate to the effective rate of \$.59135 per \$100 of assessed valuation.

Vehicle replacement, adequate funding for vehicle maintenance, and park improvements were the major initiatives for the City. In FY 2011-12, the City replaced three patrol vehicles and two Water Operations vehicles. Additional funding for fuel and vehicle maintenance was included for police department and for various improvements to the City parks.

The Utility Fund includes the implementation of the FY 2011-2013 utility rate study that was adopted by the City Council in April 2011. The new rate schedule did not include an increase in the base rate to the Water and Wastewater customers. However, it did include changes to the volumetric rates for both water and wastewater.

The Storm Drainage Fund included an increase to the storm drainage utility fee from \$5.00 to \$6.00. With the completion of several drainage capital projects and the reallocation of bond proceeds to the drainage fund, it was determined that an increase to the revenue for the storm drainage fund was needed to sufficiently cover the increased service demands.

LONG TERM FINANCIAL PLAN

The FY 2011-12 budget was developed in context of long-term financial plans. The plans anticipate funding needs and available revenues and forecast methods for matching future revenue and expenses. Plans have been developed for all the City's major operating funds. Each plan presents the fund over seven fiscal years: two previous years, the adopted "base year" budget and four projected years. There are several benefits to these plans. First, the plans give future Councils a valuable perspective when considering budgets within each plan's five-year horizon. Second, the plans impart a measure of discipline on staff. The General fund long-term plan assumes that for fiscal years 2012-2016 the City's property tax, sales tax, and all other revenues during the planning horizon will remain constant with conservative growth from 0% - 3%.

The City of Corinth continues its focus on maintaining or increasing reserve balances for emergencies to provide stability and flexibility for the organization. The reserve requirement was established at a level of 20% of budgeted expenditures for the General Fund and 25% of budgeted expenditures for the Utility Fund. The unassigned fund balance is \$5,246,829, or 42% of annual budgeted expenditures for the General Fund and the unrestricted net assets of \$5,398,806 million or 56% for the Water and Sewer Fund for the fiscal year ended September 30, 2012.

As a result of the recent national economic recession, bond rating agencies have increased their scrutiny on the financial stability of local governments. In August 2012, Standard & Poor's Rating Services affirmed its 'AA-' rating, with a stable outlook, on Corinth's general obligation debt. The rating agency attributed their opinion on the City's strong wealth and income and very strong finances, coupled with good management practices and the City's intent to retire 73% of the outstanding debt over the next ten years.

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 234 days. On September 30, 2012, the annualized yield on investments was .35 percent, compared to .61 percent for the same period in 2011. Funds available for investment at September 30, 2012 were \$21.1 million, which is an increase of \$683 thousand in 2011. The increase in portfolio balance is due to the receipt of revenues exceeding expenditures in the operating funds.

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, 2011. This was the third 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, 2011. 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 2012 Texas Leadership Circle Award presented by the Texas Comptroller for the second consecutive year. 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, 2011

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.



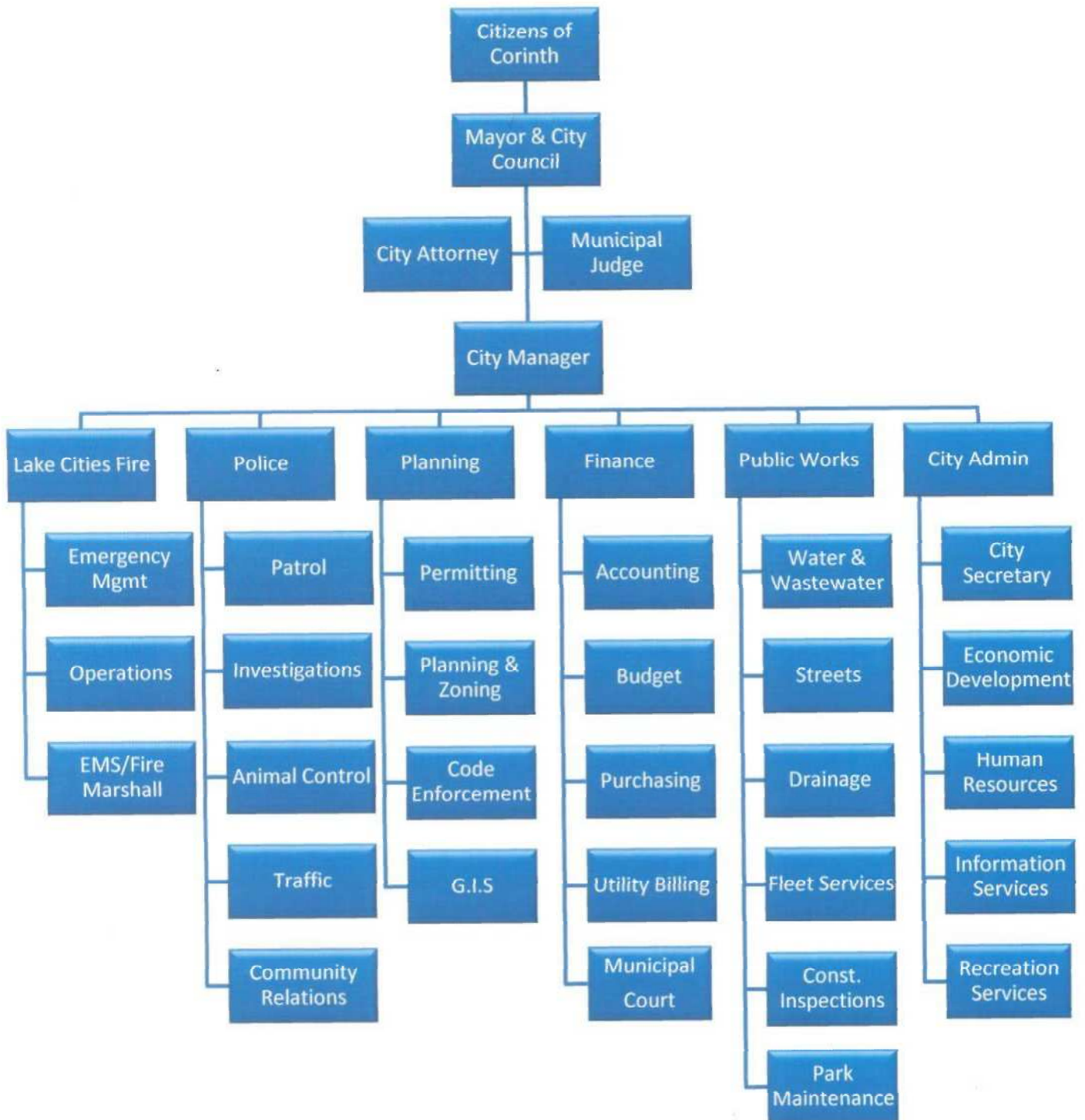
Christopher P. Moirill

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

Lowell Johnson
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

Guy Brown
Executive 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Corinth, Texas (the "City") as of and for the year ended September 30, 2012, 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's 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, 2012, 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 as referenced in the table of contents 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's financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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.


January 26, 2013

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**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

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, 2012. 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.

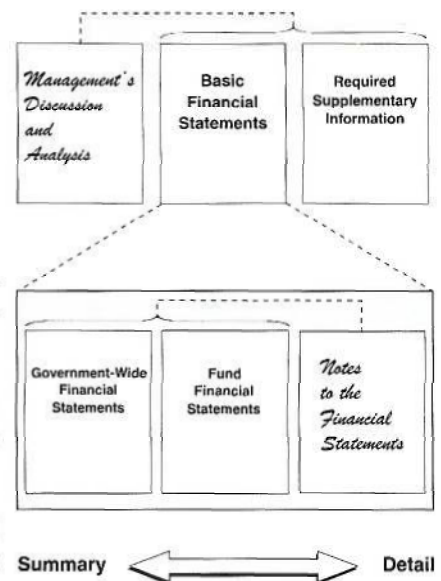
FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$76,466,162 (*net assets*).
- The government's total net assets, increased \$323,339 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 \$9,293,031, a decrease of \$805,864 in comparison with the prior year. Of the combined ending balances, \$4,636,780 or 50 percent is available for spending within the City's guidelines (*unassigned fund balance*).
- The City's unassigned fund balance for the general fund was \$5,246,829, or 42 percent of total general fund expenditures.
- The City's long term liabilities of \$31,117,290 decreased \$2,226,701 during fiscal year 2012. 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's financial statements are comprised 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, 2012**

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

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

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

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

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

The basic governmental fund financial statements can be found on pages 23 - 32 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 33 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 \$76,466,162 at the close of the most recent fiscal year.

By far the largest portion of the City of Corinth's net assets (\$60,749,042 or 79%) 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 (\$2,614,336 or 3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$13,102,784 or 18%) may be used to meet the City's ongoing obligations to citizens and creditors. The City currently has \$21,830,188 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, 2012**

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 12,429,793	\$ 13,152,318	\$ 14,701,036	\$ 13,378,569	\$ 27,130,829	\$ 26,530,887
Capital assets	56,071,872	59,097,867	28,066,518	26,997,844	84,138,390	86,095,711
Total assets	68,501,665	72,250,185	42,767,554	40,376,413	111,269,219	112,626,598
Long-term liabilities outstanding	18,164,155	19,529,183	12,953,135	13,814,808	31,117,290	33,343,991
Other liabilities	1,924,760	1,927,695	1,761,007	1,212,087	3,685,767	3,139,782
Total liabilities	20,088,915	21,456,878	14,714,142	15,026,895	34,803,057	36,483,773
Net assets:						
Invested in capital assets, net of related debt	38,965,723	41,537,428	21,783,319	19,490,897	60,749,042	61,028,325
Restricted	2,614,336	1,825,248	-	-	2,614,336	1,825,248
Unrestricted	6,832,691	7,430,631	6,270,093	5,858,621	13,102,784	13,289,252
Total net assets	\$ 48,412,750	\$ 50,793,307	\$ 28,053,412	\$ 25,349,518	\$ 76,466,162	\$ 76,142,825

Government-wide activities. As shown above, governmental activities decreased net assets by \$2,380,558 business-type activities increased net assets by \$2,703,897. A detailed examination of all the elements effecting net assets can be found in Table II.

TABLE II

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues						
Charges for services	\$ 3,880,593	\$ 4,606,339	\$ 12,371,291	\$ 12,774,251	\$ 16,251,884	\$ 17,380,590
Operating grants and contributions	101,458	152,477	-	-	101,458	152,477
Capital grants and contributions	944,835	858,404	581,491	1,303,744	1,526,326	2,162,148
General revenues						
Property taxes	8,292,788	8,236,635	-	-	8,292,788	8,236,635
Sales taxes	1,689,889	1,591,901	-	-	1,689,889	1,591,901
Franchise taxes	1,065,097	1,083,786	-	-	1,065,097	1,083,786
Miscellaneous	143,809	34,555	11,738	31,858	155,547	66,413
Investment interest	63,010	98,465	59,487	75,308	122,497	173,773
Total Revenues	16,181,479	16,662,562	13,024,007	14,185,161	29,205,486	30,847,723
Expenses:						
Public safety	7,769,391	7,454,086	-	-	7,769,391	7,454,086
Community services	1,729,610	1,713,873	-	-	1,729,610	1,713,873
Public works	4,829,902	4,268,961	-	-	4,829,902	4,268,961
Planning and community development	730,829	709,683	-	-	730,829	709,683
City administration	1,607,926	1,663,492	-	-	1,607,926	1,663,492
Finance and administrative services	655,335	634,749	-	-	655,335	634,749
Interest on long-term debt	835,566	809,445	-	-	835,566	809,445
Water and wastewater	-	-	10,202,770	9,981,826	10,202,770	9,981,826
Drainage	-	-	520,818	449,894	520,818	449,894
Total Expenses	18,158,559	17,254,289	10,723,588	10,431,720	28,882,147	27,686,009
Increase (decrease) in net assets before transfers, contributions and special items	(1,977,080)	(591,727)	2,300,419	3,753,441	323,339	3,161,714
Special Item inflow/(Outflow)	(134,385)	(700,000)	134,385	700,000	-	-
Net transfers	(269,093)	2,734,363	269,093	(2,734,363)	-	-
Increase (decrease) in net assets	(2,380,558)	1,442,636	2,703,897	1,719,078	323,339	3,161,714
Net assets - beginning	50,793,308	49,255,892	25,349,515	23,630,437	76,142,823	72,886,329
Prior period adjustment	-	94,780	-	-	-	94,780
Net assets - ending	\$ 48,412,750	\$ 50,793,308	\$ 28,053,412	\$ 25,349,515	\$ 76,466,162	\$ 76,142,823

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

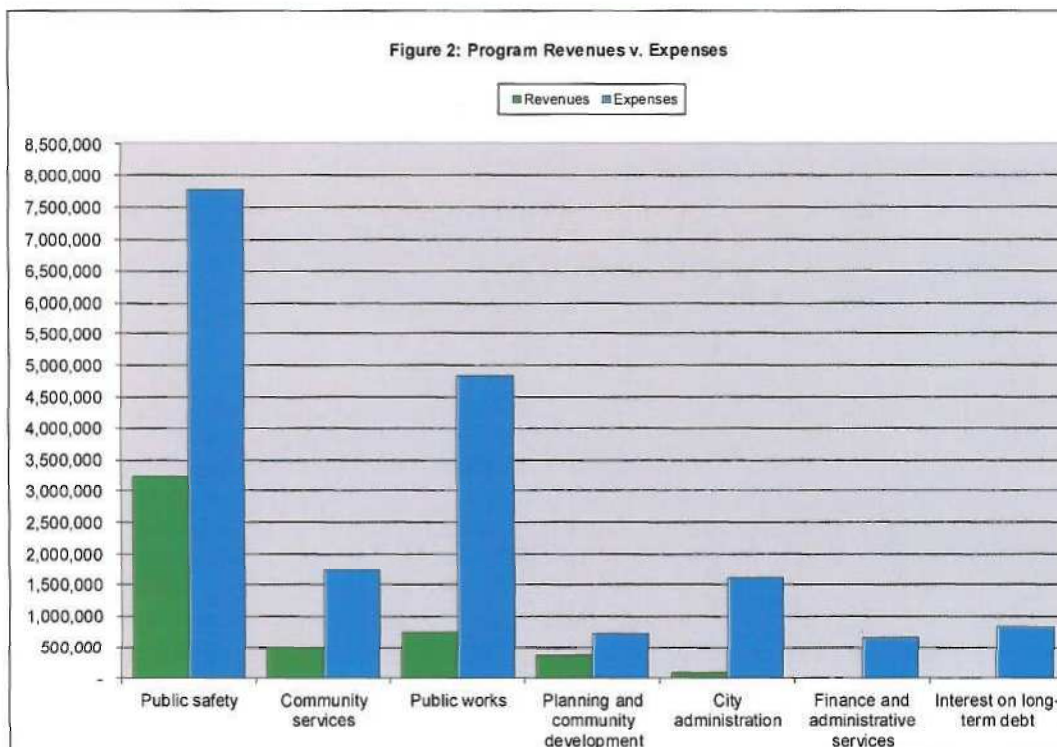
City of Corinth's Changes in Net Assets. The City's governmental funds decreased fund balance by \$805,864. The decrease can be attributed to the use of funds in the 2007 CO Streets fund, the 2007 CO Tech fund, and the 2010 CO Fire Fund for Capital Improvement Projects. Net assets, as part of the government-wide reports, are reported on a full-accrual basis. The reconciliation between the overall decrease to governmental fund balances and the \$2,380,558 net decrease 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 29 provides a detailed reconciliation between the statement of activities and the statement of revenues, expenditures and changes in fund balances of governmental funds.

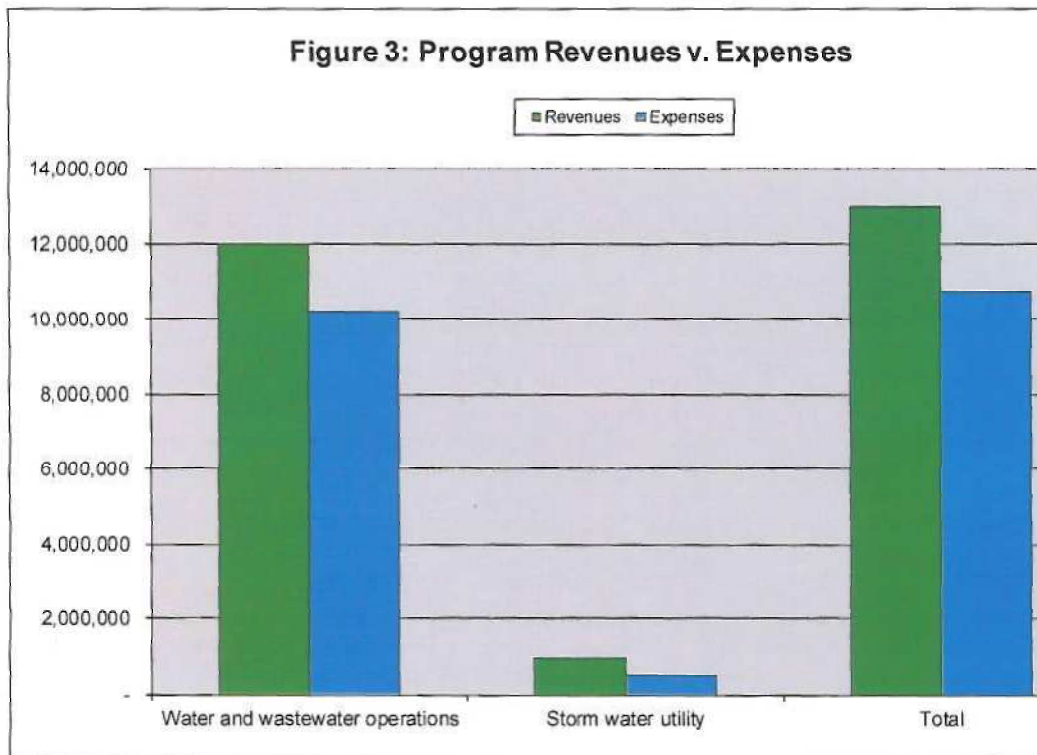
Governmental Activities. Public safety, community services, public works, and planning and community development account for 83% of the expenditures for the governmental activities. City administration, finance and administrative services and interest on long-term debt account for the remaining 17% of total expenses. These expenses were funded by revenues collected from a variety of sources. Property taxes produced \$8,292,788 or 51%, Charges for services accounted for \$3,880,593 or 24%, sales taxes was \$1,689,889 or 10%, franchise taxes provided \$1,065,097 or 7%, and capital grants and contributions provided \$944,835 or 6% 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.



**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Business-type Activities. Business-type activities increased the City's net assets by \$2,703,897. A key element of this increase is charges for services, emerging as a major revenue source for the Water and Wastewater fund producing \$11,715,891 and Storm water utility producing \$655,400 in revenue. Charges for services account for 94% of the revenue. Contributions of assets arising from new property development within the City, totaled \$581,490 in revenue. The remaining 2% of revenue is made up of investment interest and other miscellaneous revenue.

Total revenue from water and wastewater sales and services was \$11,715,891; associated costs of water, wastewater treatment, and operations and maintenance accounted for \$10,202,770 of the total business-type expenses of \$10,723,588. The remaining \$520,818 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$655,400 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 \$9,293,031, a decrease of \$805,864 in comparison with the prior year. The net decrease in combined ending fund balance is due to the following: a net increase in the general fund balance of \$685,481, a net decrease in the debt service fund of \$287,252, and a net decrease of \$1,204,093 in other governmental funds.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

Of the combined total governmental fund balances of \$9,293,031, \$5,246,829 (56 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, \$1,000,816, restrictions and constructions contracts, \$1,322,626. The fund balance that is designated as *committed*, \$2,124,934 represents those amounts committed to liquidate contracts or encumbrances. The fund balance amount designated as *nonspendable* is for prepaid items, \$1,615, and inventories, \$206,260.

General Fund. The general fund is the chief operating fund of the City of Corinth. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$5,246,829 while total fund balance reached \$5,454,704. 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 42 percent of total general fund expenditures, while total fund balance represents 44 percent of that same amount.

This year, in the general fund, revenues were more than expected by a total of \$161,203. Property Tax, Traffic Fines and Recreation Fees collected were less than budget by \$55,629, \$67,921 and \$28,907, respectively. Sales Tax, Franchise Tax, Fees and Permits, and Fire Services were above budget by \$114,802, \$91,782, \$47,044, and \$78,347, respectively. The City budgeted for no growth in fiscal year 2012. While revenues were over budget; expenditures were under budget by \$404,168. The net effect, however, at year end was an excess of \$565,371 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 \$1,000,816, all of which is restricted for the payment of debt service.

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 (State) Grant, TxDot Grant fund, Roadway Impact Fee fund, Vehicle Replacement fund, LCFD Vehicle & Equipment Replacement fund, Street Escrow fund, 2004 Tax Note fund, 2007 CO Streets 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 \$15,838 more than budgeted, interest earnings were more than budgeted by \$351 and expenditures were \$36,554 less than budgeted. The budgeted use of fund balance was \$15,761, due to the increase in revenues and the decrease in expenditures, fund balance increased \$36,982.
- 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 \$30,771, interest earnings were more than budgeted by \$1,328 and budgeted expenditures were less than budget by \$235,834, which combined decreased fund balance by \$82,469.

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 \$37,635,231 exceeded liabilities of \$12,552,988, reporting net assets of \$25,082,243. The net non-operating revenues and expenses were (\$429,959), 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 \$495,846 of interest expenses. Unrestricted net assets for the water and wastewater fund increased from \$5,082,758 in fiscal year 2011 to \$5,398,806 for fiscal year 2012.

Storm water utility fund assets of \$5,132,323 exceeded liabilities of \$2,161,154, leaving total net assets of \$2,971,169. Total net assets increased \$260,201, unrestricted net assets increased from \$775,863 to \$871,287. The storm water utility reported operating income of \$239,391 in fiscal year 2012. Net non-operating revenues and expenses were (\$99,471) which includes \$5,341 in interest income.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2011-12, General Fund actual expenditures (including transfers) were \$12,778,941 compared to the final budget of \$13,183,109. The \$404,168 variance was primarily due to reduced costs of \$192,412 for the city administration, \$94,102 reduced costs for Community Services, \$17,573 due to reduced costs for public safety, reduced costs of \$25,206 for public works, \$64,674 reduced costs for Planning and Community Development and \$10,201 due to reduced costs for Finance and Administrative Services. Actual revenue (including transfers) was \$13,464,422 million compared to the final budget of \$13,031,029. Of the \$433,393 revenue variance, approximately \$114,802 was due to increased sales tax collection, \$91,782 for increased franchise fees, \$78,347 for increased fire service charges, and \$47,044 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 \$84,138,390 (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, 2012.

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,299,358	\$ 2,238,623	\$ 497,319	\$ 466,389	\$ 2,796,677	\$ 2,705,012
CIP	1,486,308	690,692	3,549,987	2,549,877	5,036,295	3,240,569
Buildings	4,531,399	4,656,295	107,909	114,999	4,639,308	4,771,294
Machinery and equipment	2,345,220	2,941,603	402,501	459,451	2,747,721	3,401,054
Infrastructure	45,409,587	48,571,654	23,508,802	23,407,128	68,918,389	71,978,782
Total capital assets	\$ 56,071,872	\$ 59,098,867	\$ 28,066,518	\$ 26,997,844	\$ 84,138,390	\$ 86,096,711

Readers desiring more detailed information on capital asset activity should see note III.E. in the Notes to Basic Financial Statements on page 42.

Long-term debt. At the end of the current fiscal year, The City had total bonded debt outstanding of \$30,000,000 consisting of General Obligation Bonds and Certificates of Obligation. Debt was reallocated among the Governmental and Business-Type Activities to reflect the amount of outstanding debt related to capital projects. All debt payments were made when due. Outstanding debt decreased in fiscal year 2011 by \$2,230,000 (see Note III.H.).

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 8,004,950	\$ 9,082,075	\$ 1,625,050	\$ 1,777,925	\$ 9,630,000	\$ 10,860,000
Certificates of Obligation and Tax Notes	9,309,385	9,632,000	11,060,615	11,738,000	20,370,000	21,370,000
Total outstanding debt	\$ 17,314,335	\$ 18,714,075	\$ 12,685,665	\$ 13,515,925	\$ 30,000,000	\$ 32,230,000

Additional information on the City's long-term debt can be found in this report in the notes to the financial statements on page 44.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012**

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 \$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 21.03 percent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget demonstrated signs that a recovery may be starting to occur. The city experienced significant increases sales tax during FY 2011-12. 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 \$.59135 for fiscal year 2013. General operations and maintenance will receive \$.44789 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, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Cash</i>	\$ 1,596,642	\$ 788,214	\$ 2,384,856	\$ 313,690
<i>Investments</i>	7,619,529	11,825,803	19,445,332	2,212,117
<i>Receivables (net of allowances for uncollectibles):</i>	2,861,152	1,785,365	4,646,517	113,501
<i>Inventories</i>	206,259	216,536	422,795	--
<i>Prepaid items</i>	1,615	--	1,615	--
<i>Deferred charges</i>	144,596	85,118	229,714	--
Capital assets not being depreciated:				
<i>Land</i>	2,299,358	497,319	2,796,677	--
<i>Construction in progress</i>	1,486,308	3,549,987	5,036,295	--
Capital assets (net of accumulated depreciation):				
<i>Buildings</i>	4,531,399	107,909	4,639,308	--
<i>Machinery and equipment</i>	2,345,220	402,501	2,747,721	--
<i>Infrastructure</i>	45,409,587	23,508,802	68,918,389	--
Total Assets	68,501,665	42,767,554	111,269,219	2,639,308
LIABILITIES:				
<i>Accounts payable</i>	79,419	1,162,129	1,241,548	1,406
<i>Accrued liabilities</i>	140,499	21,246	161,745	2,859
<i>Accrued interest payable</i>	98,338	77,437	175,775	--
<i>Municipal court bonds</i>	7,436	--	7,436	--
<i>Customer meter deposits</i>	--	500,195	500,195	--
<i>Other liabilities</i>	907,909	--	907,909	2,706
<i>Unearned revenue</i>	691,159	--	691,159	--
Noncurrent Liabilities:				
<i>Due within one year</i>	1,924,811	747,805	2,672,616	3,166
<i>Due in more than one year</i>	16,239,344	12,205,330	28,444,674	--
Total Liabilities	20,088,915	14,714,142	34,803,057	10,137
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	38,965,723	21,783,319	60,749,042	--
Restricted For:				
Debt Service	1,035,339	--	1,035,339	--
Capital Projects	1,578,997	--	1,578,997	--
Unrestricted	6,832,691	6,270,093	13,102,784	2,629,171
Total Net Assets	\$ 48,412,750	\$ 28,053,412	\$ 76,466,162	\$ 2,629,171

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
<i>Public safety</i>	\$ 7,769,391	\$ 3,036,630	\$ 95,612	\$ 108,389
<i>Community services</i>	1,729,610	318,297	346	170,031
<i>Public works</i>	4,829,902	72,087	--	666,415
<i>Planning and community development</i>	730,829	364,980	--	--
<i>City administration</i>	1,607,926	88,599	5,500	--
<i>Finance and administrative services</i>	655,335	--	--	--
<i>Interest on long-term debt</i>	835,566	--	--	--
Total Governmental Activities	18,158,559	3,880,593	101,458	944,835
Business-type Activities:				
Water and Sewer	10,202,770	11,715,891	--	273,321
Storm Drainage	520,818	655,400	--	308,169
Total Business-type Activities	10,723,588	12,371,291	--	581,490
Total Primary Government	\$ 28,882,147	\$ 16,251,884	\$ 101,458	\$ 1,526,325
COMPONENT UNIT:				
Economic Development Corporation	\$ 231,500	\$ --	\$ --	\$ --

General Revenues:
Property taxes
Sales taxes
Franchise taxes
Miscellaneous income
Unrestricted investment earnings
Gain on sale of capital assets
 Special and Extraordinary Items:
Special item inflow
Special item outflow
Transfers
 Total General Revenues
 Change in Net Assets
 Net Assets - Beginning
 Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,528,760)		\$ (4,528,760)	
(1,240,936)		(1,240,936)	
(4,091,400)		(4,091,400)	
(365,849)		(365,849)	
(1,513,827)		(1,513,827)	
(655,335)		(655,335)	
(835,566)		(835,566)	
(13,231,673)		(13,231,673)	
--	\$ 1,786,442	1,786,442	
--	442,751	442,751	
--	2,229,193	2,229,193	
(13,231,673)	2,229,193	(11,002,480)	
			\$ (231,500)
8,292,788	--	8,292,788	--
1,689,889	--	1,689,889	560,181
1,065,097	--	1,065,097	--
101,500	5,952	107,452	63
63,010	59,488	122,498	11,434
42,309	5,786	48,095	--
--	151,483	151,483	--
(134,385)	(17,098)	(151,483)	--
(269,093)	269,093	--	--
10,851,115	474,704	11,325,819	571,678
(2,380,558)	2,703,897	323,339	340,178
50,793,308	25,349,515	76,142,823	2,288,993
\$ 48,412,750	\$ 28,053,412	\$ 76,466,162	\$ 2,629,171

CITY OF CORINTH, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 59,793	\$ 5,597	\$ 1,531,249	\$ 1,596,639
Investments	4,735,438	993,734	1,890,357	7,619,529
Receivables (net of allowances for uncollectibles):				
Property taxes	57,436	19,150	--	76,586
Sales taxes	217,195	--	97,459	314,654
Accounts	69,460	15,582	--	85,042
Interest	12,122	1,275	2,388	15,785
Warrants	1,793,071	--	--	1,793,071
Ambulance	67,378	--	--	67,378
Miscellaneous	345,970	--	22,518	368,488
Due from other governments	140,148	--	--	140,148
Inventories	206,259	--	--	206,259
Prepaid items	1,615	--	--	1,615
Total Assets	\$ 7,705,885	\$ 1,035,338	\$ 3,543,971	\$ 12,285,194
LIABILITIES:				
Accounts payable	\$ 75,406	\$ --	\$ 4,013	\$ 79,419
Accrued liabilities	137,330	--	3,168	140,498
Municipal court bonds	7,436	--	--	7,436
Other liabilities	899,789	--	8,120	907,909
Deferred revenue	1,131,220	34,522	691,159	1,856,901
Total Liabilities	2,251,181	34,522	706,460	2,992,163
Fund Balances:				
Nonspendable	207,874	--	--	207,874
Restricted	--	1,000,816	1,322,626	2,323,442
Committed	--	--	2,124,934	2,124,934
Unassigned	5,246,830	--	(610,049)	4,636,781
Total Fund Balances	5,454,704	1,000,816	2,837,511	9,293,031
Total Liabilities and Fund Balances	\$ 7,705,885	\$ 1,035,338	\$ 3,543,971	\$ 12,285,194

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2012

Total fund balances - governmental funds balance sheet	\$ 9,293,031
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.	56,071,872
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	75,718
Payables for bond principal which are not due in the current period are not reported in the funds.	(17,440,195)
Payables for bond interest which are not due in the current period are not reported in the funds.	(98,338)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(723,961)
Deferred bond issue charges are not available to pay for current period expenditures and are deferred in the funds.	144,597
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	965,894
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	67,378
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	15,584
Accounts receivable unavailable to pay current period expenditures are deferred in the funds.	41,170
Net assets of governmental activities - Statement of Net Assets	\$ 48,412,750

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, 2012.

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
Property	\$ 6,287,312	\$ 2,006,135	\$ --	\$ 8,293,447
Sales	1,131,844	--	516,431	1,648,275
Hotel occupancy tax	--	--	41,614	41,614
Franchise	1,065,097	--	--	1,065,097
Escrow and impact fees	--	--	67,184	67,184
Utility fees	3,668	--	--	3,668
Traffic fines and forfeitures	553,279	--	23,822	577,101
Development fees & permits	295,544	--	--	295,544
Police fees & permits	25,482	--	19,718	45,200
Parks & recreation fees	250,009	--	84	250,093
Fire services	2,238,364	--	3,844	2,242,208
Donations	--	--	715,548	715,548
Grants	872	--	231,147	232,019
Interest income	41,072	7,197	14,741	63,010
Miscellaneous income	99,118	--	106,153	205,271
Charges for services	289,531	--	--	289,531
Total revenues	12,281,192	2,013,332	1,740,286	16,034,810
Expenditures:				
Current:				
Public safety	7,091,899	--	428,903	7,520,802
Community services	1,673,040	--	121,236	1,794,276
Public works	852,880	--	369,764	1,222,644
Planning and community development	656,751	--	94,358	751,109
City administration	1,426,866	--	18,017	1,444,883
Finance and administrative services	641,484	--	--	641,484
Capital Outlay	--	--	890,602	890,602
Debt Service:				
Principal	--	1,534,125	--	1,534,125
Interest	--	812,393	1,572	813,965
Total Expenditures	12,342,920	2,346,518	1,924,452	16,613,890
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,728)	(333,186)	(184,166)	(579,080)
Other Financing Sources (Uses):				
Transfers in	1,183,230	45,934	737,593	1,966,757
Transfers out	(436,021)	--	(1,799,829)	(2,235,850)
Sale of Capital Assets	--	--	42,309	42,309
Total Other Financing Sources (Uses)	747,209	45,934	(1,019,927)	(226,784)
Net Change in Fund Balances	685,481	(287,252)	(1,204,093)	(805,864)
Fund Balances - Beginning	4,769,223	1,288,068	4,041,604	10,098,895
Fund Balances - Ending	\$ 5,454,704	\$ 1,000,816	\$ 2,837,511	\$ 9,293,031

The accompanying notes are an integral part of this statement.

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, 2012

Net change in fund balances - total governmental funds	\$ (805,864)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,638,696
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,658,504)
The gain or loss on the sale of capital assets is not reported in the funds.	(16,756)
Donations of capital assets increase net assets in the SOA but not in the funds.	9,570
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	6,486
Special item outflows do not require the use of current financial resources are not reported as expenditures in the funds.	(134,385)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,534,125
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(9,325)
(Increase) decrease in accrued interest from beginning of period to end of period.	(13,850)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(19,057)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	119,142
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	(30,836)
Change in net assets of governmental activities - Statement of Activities	\$ (2,380,558)

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS

STATEMENT OF NET ASSETS

ENTERPRISE FUNDS

SEPTEMBER 30, 2012

	Enterprise Fund Water and Sewer Fund	Enterprise Fund Storm Drainage Fund	Total Enterprise Funds
ASSETS:			
Current Assets:			
<i>Cash</i>	\$ 521,574	\$ 266,640	\$ 788,214
<i>Investments</i>	11,098,405	727,398	11,825,803
Receivables (net of allowances for uncollectibles):			
<i>Accounts</i>	1,685,260	77,661	1,762,921
<i>Interest</i>	15,201	236	15,437
<i>Miscellaneous</i>	7,007	--	7,007
<i>Inventories</i>	214,398	2,138	216,536
Total Current Assets	13,541,845	1,074,073	14,615,918
Noncurrent Assets:			
<i>Deferred charges</i>	71,322	13,796	85,118
Capital Assets:			
<i>Land</i>	485,319	12,000	497,319
<i>Construction in progress</i>	3,220,392	329,595	3,549,987
<i>Buildings</i>	229,633	--	229,633
<i>Machinery and equipment</i>	1,091,071	266,632	1,357,703
<i>Infrastructure</i>	28,344,071	4,164,223	32,508,294
<i>Less accumulated depreciation</i>	(9,348,422)	(727,996)	(10,076,418)
Total Capital Assets (net of accumulated depreciation)	24,022,064	4,044,454	28,066,518
Total Noncurrent Assets	24,093,386	4,058,250	28,151,636
 Total Assets	 37,635,231	 5,132,323	 42,767,554
LIABILITIES:			
Current Liabilities:			
<i>Accounts payable</i>	1,161,642	487	1,162,129
<i>Accrued liabilities</i>	18,987	2,259	21,246
<i>Accrued interest payable</i>	64,324	13,113	77,437
<i>Customer meter deposits</i>	500,195	--	500,195
<i>Compensated absences - current</i>	7,975	2,278	10,253
<i>Current portion of bonds payable</i>	629,692	107,860	737,552
Total Current Liabilities	2,382,815	125,997	2,508,812
Noncurrent Liabilities:			
<i>Compensated absences</i>	73,345	--	73,345
<i>Bonds payable</i>	10,096,828	2,035,157	12,131,985
Total Noncurrent Liabilities	10,170,173	2,035,157	12,205,330
Total Liabilities	12,552,988	2,161,154	14,714,142
NET ASSETS:			
<i>Investment in capital assets, net of related debt</i>	19,683,437	2,099,882	21,783,319
<i>Unrestricted Net Assets</i>	5,398,806	871,287	6,270,093
Total Net Assets	\$ 25,082,243	\$ 2,971,169	\$ 28,053,412

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, 2012

	Enterprise Fund Water and Sewer Fund	Enterprise Fund Storm Drainage Fund	Total Enterprise Funds
OPERATING REVENUES:			
<i>Water sales</i>	\$ 6,119,941	\$ --	\$ 6,119,941
<i>Sewer disposal</i>	4,348,239	--	4,348,239
<i>Storm drainage fees</i>	--	655,400	655,400
<i>Garbage</i>	920,735	--	920,735
<i>Penalties and reconnect fees</i>	216,382	--	216,382
<i>Tap fees</i>	56,250	--	56,250
<i>Service fees</i>	41,423	--	41,423
<i>Inspections</i>	12,921	--	12,921
Total Operating Revenues	11,715,891	655,400	12,371,291
OPERATING EXPENSES:			
<i>Wages and benefits</i>	1,312,746	112,573	1,425,319
<i>Professional services and contracts</i>	1,869,502	36,256	1,905,758
<i>Maintenance and operations</i>	368,875	15,555	384,430
<i>Supplies</i>	115,900	4,874	120,774
<i>Utilities and communication</i>	4,853,491	3,864	4,857,355
<i>Vehicles/equipment and fuel</i>	75,414	14,034	89,448
<i>Travel and training</i>	13,179	130	13,309
<i>Amortization</i>	11,009	2,600	13,609
<i>Depreciation</i>	1,086,808	226,123	1,312,931
Total Operating Expenses	9,706,924	416,009	10,122,933
Operating Income	2,008,967	239,391	2,248,358
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest income</i>	54,146	5,341	59,487
<i>Miscellaneous income (expense)</i>	5,955	(3)	5,952
<i>Gain (loss) on sale of capital assets</i>	5,786	--	5,786
<i>Interest expense</i>	(495,846)	(104,809)	(600,655)
Total Non-operating Revenues (Expenses)	(429,959)	(99,471)	(529,430)
Income Before Special Items, Contributions and Transfers	1,579,008	139,920	1,718,928
Special Items, Contributions and Transfers			
<i>Special item inflow</i>	--	151,483	151,483
<i>Special item outflow</i>	(17,098)	--	(17,098)
<i>Special assessment - water and sewer impact fees</i>	113,922	--	113,922
<i>Contributions</i>	159,400	308,169	467,569
<i>Transfers in</i>	2,355,500	762,741	3,118,241
<i>Transfers out</i>	(1,747,036)	(1,102,112)	(2,849,148)
Total Special Items, Contributions and Transfers	864,688	120,281	984,969
Change in Net Assets	2,443,696	260,201	2,703,897
Total Net Assets - Beginning	22,638,547	2,710,968	25,349,515
Total Net Assets - Ending	\$ 25,082,243	\$ 2,971,169	\$ 28,053,412

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, 2012

	Enterprise Funds		
	Water and Sewer Fund	Storm Water Utility	Totals
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ 12,121,024	\$ 647,439	\$ 12,768,463
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(6,800,614)	(72,485)	(6,873,099)
<i>Cash Payments to Employees for Services</i>	(1,311,510)	(112,577)	(1,424,087)
Net Cash Provided (Used) by Operating Activities	4,008,900	462,377	4,471,277
Cash Flows from Non-capital Financing Activities:			
<i>Transfers From (To) Other Funds</i>	608,464	(339,371)	269,093
Net Cash Provided (Used) by Non-capital Financing Activities	608,464	(339,371)	269,093
Cash Flows from Capital and Related Financing Activities:			
<i>Principal and Interest Paid</i>	(1,091,494)	(104,809)	(1,196,303)
<i>Acquisition or Construction of Capital Assets</i>	(1,849,384)	(186,228)	(2,035,612)
Net Cash Provided (Used) for Capital & Related Financing Activities	(2,940,878)	(291,037)	(3,231,915)
Cash Flows from Investing Activities:			
<i>Interest and Dividends on Investments</i>	54,597	6,168	60,765
Net Cash Provided (Used) for Investing Activities	54,597	6,168	60,765
Net Increase (Decrease) in Cash and Cash Equivalents	1,731,083	(161,863)	1,569,220
Cash and Cash Equivalents at Beginning of Year	9,888,896	1,155,901	11,044,797
Cash and Cash Equivalents at End of Year	\$ 11,619,979	\$ 994,038	\$ 12,614,017
Summary of Cash and Cash Equivalents			
Cash	\$ 521,574	\$ 266,640	\$ 788,214
Investments	11,098,405	727,398	11,825,803
	\$ 11,619,979	\$ 994,038	\$ 12,614,017
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating Income (Loss)	\$ 2,008,967	\$ 239,391	\$ 2,248,358
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
<i>Depreciation and Amortization</i>	1,086,808	226,123	1,312,931
<i>Impact Rees</i>	113,922	--	113,922
<i>Miscellaneous Income (expense)</i>	5,955	(3)	5,952
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	264,051	(7,958)	256,093
<i>Decrease (Increase) in Inventories</i>	(30,852)	6,622	(24,230)
<i>Increase (Decrease) in Accounts Payable</i>	537,608	(1,794)	535,814
<i>Increase (Decrease) in Accrued Wages Payable</i>	(208)	1,130	922
<i>Increase (Decrease) in Customer Deposits</i>	21,205	--	21,205
<i>Increase (Decrease) in Compensated Absences</i>	1,444	(1,134)	310
Total Adjustments	1,999,933	222,986	2,222,919
Net Cash Provided (Used) by Operating Activities	\$ 4,008,900	\$ 462,377	\$ 4,471,277
Noncash Investing, Capital, and Financing Activities:			
<i>Special Item, developer contrib. and special assessments</i>	\$ (165,186)	\$ (308,169)	\$ (473,355)
<i>Reallocation of long-term debt to/from governmental activities</i>	17,098	(151,483)	(134,385)
	\$ (148,088)	\$ (459,652)	\$ (607,740)

The accompanying notes are an integral part of this statement.

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the government-wide 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 nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. 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 units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

Discretely presented component unit. The *Corinth Economic Development Corporation* (CEDC), was organized under state law for the purpose of promoting economic development. State statutes define projects that the corporation may fund. 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. CEDC does not issue separate financial statements.

C. Basis of Presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 its legally separate component unit 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

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

The City reports the following major enterprise 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:

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

Seven 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.

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.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, sales taxes, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

F. Budgetary information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for 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 capital projects funds is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (i.e. grant awards and city council resolutions) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, functional department and division. Transfers of appropriations between divisions within a department may be initiated by staff and approved by the director. Transfers between functional departments require the approval of the director, budget manager, and finance director. Transfers between funds may require council approval. All transfers of appropriations require the approval of the city manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund

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

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

G. Assets, liabilities, and net assets/fund balance

1. Cash and cash equivalents

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.

2. Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in TexPool. In accordance with state law, TexPool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Comptroller, although it is not registered with the SEC.

3. 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.

4. Inventories and prepaid items

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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5. 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 and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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.

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

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

6. Net asset flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net assets and unrestricted – net assets in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied before unrestricted – net position is applied.

7. Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a *commitment (committed fund balance)* or an *assignment (assigned fund balance)*.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance division to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

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.

3. 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; 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.

4. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer and storm drainage funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 nonoperating revenues and expenses.

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I. 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit fund equity

At September 30, 2012, a fund deficit of \$610,049 was reported for the Roadway Impact Fee Fund. It represents deferred/unearned impact fee revenue, net of related assets, which will be recognized as development of land progresses through April 1, 2025.

III. DETAILED NOTES ON ALL FUNDS

A. Cash deposits with financial institutions

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City of Corinth and the Corinth Economic Development Corporation have depository 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 fair 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."

At September 30, 2012, the City's carrying amount of demand deposits was \$2,698,546 (including \$313,690 in the discrete component unit) while the bank balance was \$2,968,535. The City's depository had pledged an FHLB letter of credit with a fair value of \$9,000,000.

B. Investments

The investment policy of the City is governed by State statutes and the adopted City Investment Policy. City policy governing bank deposits require depositories to be FDIC-insured institutions; depositories must fully collateralize all deposits in excess of FDIC insurance limits. 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 AAm by Standard & Poor's, AAA and Fitch Ratings and Aaa by Moody's Investors Service.

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

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City did not engage in repurchase or reverse repurchase agreement transactions during the year. The City's investments were as follows on September 30, 2012:

	Carrying Amount	Fair Value	WAM	Rating (S&P)
TexStar	\$ 4,075,221	\$ 4,075,221	<60 days	AAAm
TexPool	1,411,977	1,411,977	<60 days	AAAm
US Federal Agency Securities				
Coupon	4,903,815	4,960,183		AA+
Callable	3,796,978	3,766,320		AA+
Money Market	5,257,341	5,257,343		
	<u>19,445,332</u>	<u>19,471,044</u>		

Corinth Economic Development Corp. Type (B)

TexPool	893,955	893,955	<60 days	AAAm
US Federal Agency Securities				
Coupon	463,100	468,423		AA+
Callable	358,574	355,679		AA+
Money Market	496,488	496,488		
	<u>2,212,117</u>	<u>2,214,545</u>		
Total	<u>\$ 21,657,449</u>	<u>\$ 21,685,589</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 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 & Poor's. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poor's, as well as the Office of the State Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair 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

CITY OF CORINTH
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Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities to invest their public funds through the investment pools. TexSTAR is administered by JP Morgan Chase and First Southwest Asset Management, Inc., and is rated AAAm by Standard and Poor's.

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

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

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 fair value equal to or exceeding 102% of the principal plus accrued interest of deposits at financial institutions.

C. Receivables, Interfund Receivables and Transfers

Amounts are aggregated into a single accounts receivable (net of uncollectibles) line on the statement of net assets. Following is the detail of receivables of the government's individual major and non-major funds, including the applicable allowances for uncollectible accounts:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Water & Wastewater Fund	Storm Drainage Utility	Total
Taxes						
Property	\$ 57,436	\$ 19,150	\$ -	\$ -	\$ -	\$ 76,586
Sales	217,195	-	97,459	-	-	314,654
Accounts	69,460	15,582	-	1,954,582	78,615	2,118,239
Interest	12,122	1,275	2,388	15,201	236	31,222
Warrants	2,363,363	-	-	-	-	2,363,363
Ambulance	618,764	-	-	-	-	618,764
Miscellaneous	345,970	-	22,518	7,007	-	375,495
Due from other governments	140,148	-	-	-	-	140,148
Gross Receivables	3,824,458	36,007	122,365	1,976,790	78,851	6,038,471
LESS: Allowance for uncollectibles	(1,121,678)	-	-	(269,322)	(954)	(1,391,954)
Net total receivables	\$ 2,702,780	\$ 36,007	\$ 122,365	\$ 1,707,468	\$ 77,897	\$ 4,646,517

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D. Deferred/Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental activities report unearned revenue. At the end of the current fiscal year, the various components of deferred revenue reported in governmental funds and unearned revenue reported in government-wide activities were as follows:

	Deferred	Unearned
Delinquent property taxes receivable (General Fund)	\$ 56,778	\$ -
Municipal court fines receivable (General Fund)	965,894	-
Ambulance revenue receivable (General Fund)	67,378	-
Other receivables (General Fund)	41,170	-
Delinquent property taxes receivable (Debt Service Fund)	18,940	-
Other receivables (Debt Service Fund)	15,582	-
Assessments receivable not yet due (Street Improvements Fund)	691,159	691,159
 Total deferred/unearned revenue for governmental funds	\$ 1,856,901	\$ 691,159

Unearned revenue in the Street Improvements Fund is an advance payment by a developer which is available as an offset to assessment of road impact fees through April 1, 2025.

E. Capital assets

Capital assets activity for the year ended September 30, 2012 was as follows:

	Governmental Activities:				
	Balance 9/30/2011	Additions	Deletions	Transfers and Adjustments	Balance 9/30/2012
Capital assets, not being depreciated:					
Land	\$ 2,238,623	\$ 60,735	\$ -	\$ -	\$ 2,299,358
Construction in progress	690,692	943,803	-	(148,187)	1,486,308
Totals, capital assets not being depreciated	2,929,315	1,004,538	-	(148,187)	3,785,666
Capital assets, being depreciated:					
Buildings	6,117,703	54,720	-	-	6,172,423
Machinery and equipment	6,120,935	348,694	(218,287)	146,285	6,397,627
Infrastructure	91,178,227	240,314	-	1,902	91,420,443
Totals, capital assets being depreciated	103,416,865	643,728	(218,287)	148,187	103,990,493
Less: accumulated depreciation for:					
Buildings	(1,462,408)	(178,616)	-	-	(1,641,024)
Machinery and equipment	(3,179,332)	(669,993)	201,530	-	(3,647,795)
Infrastructure	(42,606,573)	(3,808,895)	-	-	(46,415,468)
Total accumulated depreciation	(47,248,313)	(4,657,504)	201,530	-	(51,704,287)
Total capital assets, being depreciated, net	56,168,552	(4,013,776)	(16,757)	148,187	52,286,206
Capital assets, net	\$ 59,097,867	\$ (3,009,238)	\$ (16,757)	\$ -	\$ 56,071,872

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

Governmental Activities	
Public safety	\$ 454,569
Community services	114,938
Public works	3,871,155
Planning & community development	3,756
City administration	197,828
Finance and administrative services	15,258
Total depreciation expense - governmental activities	<u>\$ 4,657,504</u>

Business-type activities:

	Balance 9/30/2011	Additions	Deletions	Transfers and Adjustments	Balance 9/30/2012
Capital assets, not being depreciated:					
Land	\$ 466,389	\$ 30,930	\$ -	\$ -	\$ 497,319
Construction in progress	2,549,877	2,033,668	-	(1,033,558)	3,549,987
Totals, capital assets not being depreciated	<u>3,016,266</u>	<u>2,064,598</u>	<u>-</u>	<u>(1,033,558)</u>	<u>4,047,306</u>
Capital assets, being depreciated:					
Buildings	229,633	-	-	-	229,633
Machinery and equipment	1,344,481	49,379	(36,157)	-	1,357,703
Infrastructure	31,207,108	267,628	-	1,033,558	32,508,294
Totals, capital assets being depreciated	<u>32,781,222</u>	<u>317,007</u>	<u>(36,157)</u>	<u>1,033,558</u>	<u>34,095,630</u>
Less: accumulated depreciation for:					
Buildings	(114,634)	(7,090)	-	-	(121,724)
Machinery and equipment	(885,031)	(106,328)	36,157	-	(955,202)
Infrastructure	(7,799,979)	(1,199,513)	-	-	(8,999,492)
Total accumulated depreciation	<u>(8,799,644)</u>	<u>(1,312,931)</u>	<u>36,157</u>	<u>-</u>	<u>(10,076,418)</u>
Total capital assets, being depreciated, net	<u>23,981,578</u>	<u>(995,924)</u>	<u>-</u>	<u>1,033,558</u>	<u>24,019,212</u>
Capital assets, net	<u>\$ 26,997,844</u>	<u>\$ 1,068,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,066,518</u>

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

Business-type Activities	
Water and sewer	\$ 1,086,808
Storm water utility	226,123
Total depreciation expense - business-type activities	<u>\$ 1,312,931</u>

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F. Construction and other significant commitments

The City has active construction commitments as of September 30, 2012. The projects include water storage, utility relocation, road expansion/reconstruction, and computer hardware/software improvements. At year end the City's commitments with contractors were as follows:

Project Name	Cumulative Spent to Date	Remaining Balance	Project Total
WESTSIDE LS EXPANSION	\$ 950,239	\$ 1,393,538	\$ 2,343,777
QUAIL RUN	-	142,593	142,593
1.5 MG GROUND STORAGE TANK	-	1,200,000	1,200,000
FM 2181 UTILITY RELOCATION	1,637,686	2,973,417	4,611,103
PARKRIDGE DRIVE SOUTH	1,554,190	335,902	1,890,092
REPLACE TECHNOLOGICAL INFRASTRUCTURE	653,847	36,653	690,500
REHAB 1.5 MG GROUND STORAGE	495,513	54,487	550,000
PLANNING & PERMITING	98,050	41,950	140,000
TOTAL	\$ 5,389,525	\$ 6,178,540	\$ 11,568,065

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

G. 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.

H. Long-term liabilities

Long-term debt of the City governmental activities consists of general obligation bonds, certificates of obligation, and accrued compensated absences. Sources of retirement of general obligation bond and certificates of obligation are provided from ad valorem tax. 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. Business-type activities long-term debt is serviced by revenue from the water wastewater, and storm water drainage systems.

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The following is a summary of long-term debt as of September 30, 2012:

Description	September 30, 2011	Additions	Retirements	September 30, 2012	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 9,082,075	\$ -	\$ (1,077,125)	\$ 8,004,950	\$ 1,117,075
Certificates of obligation	9,632,000	134,385	(457,000)	9,309,385	626,611
	18,714,075	134,385	(1,534,125)	17,314,335	1,743,686
Bond premiums/discounts (net)	182,938	20,482	(15,054)	188,366	15,055
Deferred amount on refunding	(72,736)	-	10,229	(62,507)	(10,229)
Total bonds payable	18,824,277	154,867	(1,538,950)	17,440,194	1,748,512
Compensated absences	704,906	635,163	(616,108)	723,961	176,299
	<u>\$ 19,529,183</u>	<u>\$ 790,030</u>	<u>\$ (2,155,058)</u>	<u>\$ 18,164,155</u>	<u>\$ 1,924,811</u>
Business-type activities:					
General obligation bonds	\$ 1,777,925	\$ -	\$ (152,875)	\$ 1,625,050	\$ 157,925
Certificates of obligation	11,738,000	17,098	(694,483)	11,060,615	568,389
	13,515,925	17,098	(847,358)	12,685,665	726,314
Bond premiums/discounts (net)	260,750	(20,482)	(16,700)	223,568	16,700
Deferred amount on refunding	(45,155)	-	5,460	(39,695)	(5,461)
Total bonds payable	13,731,520	(3,384)	(858,598)	12,869,538	737,553
Compensated absences	83,288	93,414	(93,105)	83,597	10,252
	<u>\$ 13,814,808</u>	<u>\$ 90,030</u>	<u>\$ (951,703)</u>	<u>\$ 12,953,135</u>	<u>\$ 747,805</u>

Compensated absences are paid from the fund out of which an employee is regularly paid – primarily the General Fund, Water and Wastewater Fund, and Storm Water Drainage Fund.

Long-term debt of the City is comprised of the following individual issues at September 30, 2012:

Purpose	Original Amount	Year of Issue	Final Maturity	Average Annual Payment	Interest Rate	Governmental Activities	Business- type Activities
GENERAL OBLIGATION BONDS							
City hall, park & infrastructure	\$ 7,000,000	1999	2019	\$ 428,000	3.50% - 4.80%	\$ 820,000	
Infrastructure	2,000,000	2001	2016	125,000	5.00% - 4.80%	460,000	
Refunding	5,080,000	2005	2020	538,000	4.00% - 4.25%	2,839,200	\$ 800,800
Refunding	5,250,000	2007	2020	567,000	3.78% - 4.25%	3,685,750	824,250
						<u>8,004,950</u>	<u>1,625,050</u>
CERTIFICATES OF OBLIGATION							
Equipment and infrastructure	23,630,000	2007	2027	1,821,000	4.375% - 5.25%	8,204,385	11,060,615
Equipment	1,500,000	2010	2020	172,000	1.95% - 4.05%	1,105,000	
						<u>9,309,385</u>	<u>11,060,615</u>
						<u>\$ 17,314,335</u>	<u>\$ 12,685,665</u>

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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

General Obligation Bonds:

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
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
2017	1,167,150	121,146	277,850	28,508
2018 - 2020	2,276,175	115,250	533,825	26,771
Total	\$ 8,004,950	\$ 1,196,835	\$ 1,625,050	\$ 264,990

Certificates of Obligation:

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
2013	\$ 626,611	\$ 433,799	\$ 568,389	\$ 538,412
2014	660,775	406,011	594,225	509,347
2015	633,094	377,569	556,906	480,568
2016	561,517	350,425	588,483	451,934
2017	587,810	323,411	617,190	421,792
2018 - 2022	2,847,523	1,232,670	3,562,477	1,644,972
2023- 2027	3,392,055	463,764	4,572,945	625,217
Total	\$ 9,309,385	\$ 3,587,649	\$ 11,060,615	\$ 4,672,242

I. Fund balance

Minimum fund balance policy. The City Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the general fund. The target level is set at 20% of expenditures. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level.

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

The table below shows the purposes for which fund balance has been categorized as nonspendable, restricted, committed, with the remainder unassigned:

	General Fund	Debt Service Fund	Capital Projects Funds	Other Governmental Funds	Total
Fund Balances (Deficit):					
Nonspendable:					
Inventory	\$ 206,259	\$ -	\$ -	\$ -	\$ 206,259
Prepaid items	1,615	-	-	-	1,615
Restricted for:					
Debt service	-	1,000,816	-	-	1,000,816
Capital Projects	-	-	-	51,052	51,052
Energy Efficiency	-	-	-	18,930	18,930
Municipal Court Security	-	-	-	438	438
Municipal Court Technology	-	-	-	19,185	19,185
Public Safety	-	-	-	155,750	155,750
Street Maintenance	-	-	-	938,895	938,895
Tourism	-	-	-	138,376	138,376
Committed to:					
Beautify & Preserve the Commun	-	-	-	18,309	18,309
Capital Projects	-	-	-	1,058,968	1,058,968
Fire Safety	-	-	-	14,075	14,075
Insurance Claims	-	-	-	296,127	296,127
Park Development	-	-	-	208,108	208,108
Public Safety	-	-	-	8,370	8,370
Recreation Donations	-	-	-	318	318
Recreation Scholarships	-	-	-	631	631
Vehicle & Equipment Replaceme	-	-	-	520,028	520,028
Unassigned:	5,246,830	-	-	(610,049)	4,636,781
	<u>\$ 5,454,704</u>	<u>\$ 1,000,816</u>	<u>\$ -</u>	<u>\$ 2,837,511</u>	<u>\$ 9,293,031</u>

J. Interfund transfers

Following is a summary of transfers to/from other funds:

	Transfers from other funds	Transfers to other funds
General Fund	\$ 1,183,230	\$ (436,021)
Debt Service Fund	45,934	-
Nonmajor governmental funds	737,593	(1,799,829)
Water and Wastewater Fund	2,355,500	(1,747,036)
Storm Water Utility Fund	762,741	(1,102,112)
	<u>\$ 5,084,998</u>	<u>\$ (5,084,998)</u>

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

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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

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.

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 2010	Plan Year 2011	Plan Year 2012
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

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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.

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,

Annual pension cost (APC) and Net pension asset (NPA)

The City's APC and NPA are as follows:

Annual Required Contribution (ARC)	\$ 1,009,090
Interest on Net Pension Obligation	-
Adjustment to the ARC	-
Annual Pension Cost:	1,009,090
Contributions Made	1,009,090
Increase (Decrease) in Net Pension Obligation	-
Net Pension Obligation (Asset) , Beginning of Year	-
Net Pension Obligation (Asset) , End of Year	\$ -

The City's APC, percentage of APC contributed, and NPA for the plan for the current year and each of the two preceding years were as follows:

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost/(APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2012	\$ 1,009,090	\$ 1,009,090	100%	\$ -
2011	\$ 1,027,082	\$ 1,027,082	100%	\$ -
2010	\$ 929,467	\$ 929,467	100%	\$ -

Funded status and funding progress

As of December 31, 2011, the most recent actuarial valuation date, the funded status of the plan was 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
12/31/2011	\$ 16,268,326	\$ 21,555,610	75.5%	\$ 5,287,284	\$ 7,869,676	67.2%

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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.

The ARC for fiscal year 2012 was determined as part of the December 31, 2009 and 2010 actuarial valuations.

Valuation Date	12/31/2009	12/31/2010	12/31/2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
	Level Percent of	Level Percent of	Level Percent of
Amortization Method	Payroll	Payroll	Payroll
Remaining Amortization Period	28.2 years; closed period	27.5 years; closed period	26.4 years; closed period
	10-year Smoothed	10-year Smoothed	10-year Smoothed
Asset Valuation Method	Market	Market	Market
Amortization Period for New Gains/Losses	30 Years	30 Years	30 Years
Actuarial Assumptions:			
Investment Rate of Return	7.5%	7.0%	7.0%
	Varies by age and service	Varies by age and service	Varies by age and service
Projected Salary Increases	7.5%	7.0%	7.0%
Actuarial Assumptions:			
Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Assumptions	2.1%	2.1%	2.1%

C. 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.

As a debt issuer, the City is subject to Federal arbitrage regulations and periodically determines its compliance and returns excess interest earned on bond proceeds, if necessary.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CORINTH, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>Property</i>	\$ 6,342,941	\$ 6,342,941	\$ 6,287,312	\$ (55,629)
<i>Sales</i>	1,017,042	1,017,042	1,131,844	114,802
<i>Franchise</i>	973,315	973,315	1,065,097	91,782
<i>Utility fees</i>	16,240	16,240	3,668	(12,572)
<i>Traffic fines and forfeitures</i>	621,200	621,200	553,279	(67,921)
<i>Development fees & permits</i>	248,500	248,500	295,544	47,044
<i>Police fees & permits</i>	25,100	25,100	25,482	382
<i>Parks & recreation fees</i>	163,596	278,916	250,009	(28,907)
<i>Fire services</i>	2,160,017	2,160,017	2,238,364	78,347
<i>Grants</i>	--	--	872	872
<i>Interest income</i>	50,200	50,200	41,072	(9,128)
<i>Miscellaneous income</i>	94,841	94,841	99,118	4,277
<i>Charges for services</i>	291,677	291,677	289,531	(2,146)
Total revenues	12,004,669	12,119,989	12,281,192	161,203
Expenditures:				
Current:				
<i>Public safety</i>	7,234,472	7,109,472	7,091,899	17,573
<i>Community services</i>	1,676,522	1,767,142	1,673,040	94,102
<i>Public works</i>	886,386	878,086	852,880	25,206
<i>Planning and community development</i>	756,425	721,425	656,751	64,674
<i>City Administration</i>	1,627,528	1,619,278	1,426,866	192,412
<i>Finance and administrative services</i>	651,185	651,685	641,484	10,201
Total Expenditures	12,832,518	12,747,088	12,342,920	404,168
Excess (Deficiency) of Revenues Over (Under) Expenditures	(827,849)	(627,099)	(61,728)	565,371
Other Financing Sources (Uses):				
<i>Transfers in</i>	894,040	911,040	1,183,230	272,190
<i>Transfers out</i>	(153,021)	(436,021)	(436,021)	--
Total Other Financing Sources (Uses)	741,019	475,019	747,209	272,190
Net Change in Fund Balances	(86,830)	(152,080)	685,481	837,561
Fund Balances - Beginning	4,769,223	4,769,223	4,769,223	--
Fund Balances - Ending	\$ 4,682,393	\$ 4,617,143	\$ 5,454,704	\$ 837,561

Stewardship, Compliance, and Accountability

I. 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
- Roadway Impact Fee Fund

Debt Service Fund

II. Employee Retirement Plan - three year schedule of 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
12/31/2011	\$ 16,268,326	\$ 21,555,610	75.5%	\$ 5,287,284	\$ 7,869,676	67.2%
12/31/2010	\$ 14,283,597	\$ 19,953,457	71.6%	\$ 5,669,860	\$ 7,858,831	72.1%
12/31/2009	\$ 9,947,186	\$ 14,703,117	67.7%	\$ 4,755,931	\$ 8,072,187	58.9%

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular 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.
- The Parks Development fund was established to account for donations, contributions, and payments associated with the various park programs.
- The Elm Fork Trails (State) 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 TxDOT Grant fund was established to account for the receipt and use of funds from the Texas Department of Transportation grant for police department equipment.
- The Roadway Impact Fee fund is used to account for the receipt and expenditure of roadway impact fees as required by the state of Texas Local Government Code Section 395.

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

- The Vehicle Replacement fund is used to account for funds and expenditures related to future vehicle replacements.
- The LCFD Vehicle and Equipment Replacement fund is used to account for funds and expenditures for replacement of vehicles and equipment for the Lake Cities Fire Department.
- 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 fund was established to account for remaining bond funds from the 2004 issuance.
- 2007 CO Streets fund is used to account for the projects and funding associated with the Series 2007 Certificates of Obligation debt issue, a portion of which is dedicated to streets, infrastructure construction and improvements.
- 2010 CO Fire fund is used to account for the projects and funding associated with the Series 2010 Tax and Revenue Certificates of Obligation debt issue which is dedicated to fire equipment and infrastructure.

CITY OF CORINTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
<i>Cash</i>	\$ 985,568	\$ 545,681	\$ 1,531,249
<i>Investments</i>	858,295	1,032,062	1,890,357
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	97,459	--	97,459
<i>Interest</i>	817	1,571	2,388
<i>Miscellaneous</i>	22,518	--	22,518
Total Assets	\$ 1,964,657	\$ 1,579,314	\$ 3,543,971
LIABILITIES:			
<i>Accounts payable</i>	\$ 3,695	\$ 318	\$ 4,013
<i>Accrued liabilities</i>	3,168	--	3,168
<i>Other liabilities</i>	8,120	--	8,120
<i>Deferred revenue</i>	691,159	--	691,159
Total Liabilities	706,142	318	706,460
Fund Balances:			
<i>Restricted</i>	1,322,626	--	1,322,626
<i>Committed</i>	545,938	1,578,996	2,124,934
<i>Unassigned</i>	(610,049)	--	(610,049)
Total Fund Balances	1,258,515	1,578,996	2,837,511
Total Liabilities and Fund Balances	\$ 1,964,657	\$ 1,579,314	\$ 3,543,971

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 516,431	\$ --	\$ 516,431
<i>Hotel occupancy tax</i>	41,614	--	41,614
<i>Escrow and impact fees</i>	67,184	--	67,184
<i>Traffic fines and forfeitures</i>	23,822	--	23,822
<i>Police fees & permits</i>	19,718	--	19,718
<i>Parks & recreation fees</i>	84	--	84
<i>Fire services</i>	--	3,844	3,844
<i>Donations</i>	58,704	656,844	715,548
<i>Grants</i>	231,147	--	231,147
<i>Interest income</i>	6,631	8,110	14,741
<i>Miscellaneous income</i>	62,421	43,732	106,153
Total revenues	<u>1,027,756</u>	<u>712,530</u>	<u>1,740,286</u>
Expenditures:			
Current:			
<i>Public safety</i>	264,521	164,382	428,903
<i>Community services</i>	121,236	--	121,236
<i>Public works</i>	369,764	--	369,764
<i>Planning and community development</i>	--	94,358	94,358
<i>City Administration</i>	18,017	--	18,017
<i>Capital Outlay</i>	--	890,602	890,602
Debt Service:			
<i>Interest</i>	--	1,572	1,572
Total Expenditures	<u>773,538</u>	<u>1,150,914</u>	<u>1,924,452</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>254,218</u>	<u>(438,384)</u>	<u>(184,166)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	8,000	729,593	737,593
<i>Transfers out</i>	(705,283)	(1,094,546)	(1,799,829)
<i>Sale of Capital Assets</i>	--	42,309	42,309
Total Other Financing Sources (Uses)	<u>(697,283)</u>	<u>(322,644)</u>	<u>(1,019,927)</u>
Net Change in Fund Balances	<u>(443,065)</u>	<u>(761,028)</u>	<u>(1,204,093)</u>
Fund Balances - Beginning	<u>1,701,580</u>	<u>2,340,024</u>	<u>4,041,604</u>
Fund Balances - Ending	<u>\$ 1,258,515</u>	<u>\$ 1,578,996</u>	<u>\$ 2,837,511</u>

CITY OF CORINTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2012

	Crime Control & Prevention	Street Maintenance	Risk/ Insurance Claim Fund
ASSETS			
<i>Cash</i>	\$ 106,327	\$ 21,156	\$ 296,127
<i>Investments</i>	--	858,295	--
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	43,159	54,300	--
<i>Interest</i>	--	817	--
<i>Miscellaneous</i>	--	--	--
Total Assets	\$ 149,486	\$ 934,568	\$ 296,127
LIABILITIES:			
<i>Accounts payable</i>	\$ 6	\$ --	\$ --
<i>Accrued liabilities</i>	2,839	--	--
<i>Other liabilities</i>	--	--	--
<i>Deferred revenue</i>	--	--	--
Total Liabilities	2,845	--	--
Fund Balances (Deficits):			
<i>Restricted</i>	146,641	934,568	--
<i>Committed</i>	--	--	296,127
<i>Unassigned</i>	--	--	--
Total Fund Balances (Deficits)	146,641	934,568	296,127
Total Liabilities and Fund Balances	\$ 149,486	\$ 934,568	\$ 296,127

s	Hotel Motel Tax	Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Parks Development
	\$ 134,532	\$ 114,258	\$ 438	\$ 19,185	\$ 208,108
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	3,844	18,674	--	--	--
	<u>\$ 138,376</u>	<u>\$ 132,932</u>	<u>\$ 438</u>	<u>\$ 19,185</u>	<u>\$ 208,108</u>
	\$ --	\$ 3,689	\$ --	\$ --	\$ --
	--	329	--	--	--
	--	8,120	--	--	--
	--	--	--	--	--
	--	12,138	--	--	--
	138,376	79,091	438	19,185	--
	--	41,703	--	--	208,108
	--	--	--	--	--
	<u>138,376</u>	<u>120,794</u>	<u>438</u>	<u>19,185</u>	<u>208,108</u>
	<u>\$ 138,376</u>	<u>\$ 132,932</u>	<u>\$ 438</u>	<u>\$ 19,185</u>	<u>\$ 208,108</u>

CITY OF CORINTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2012

	TxDOT Grant	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS			
<i>Cash</i>	\$ 4,327	\$ 81,110	\$ 985,568
<i>Investments</i>	--	--	858,295
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	--	--	97,459
<i>Interest</i>	--	--	817
<i>Miscellaneous</i>	--	--	22,518
Total Assets	\$ 4,327	\$ 81,110	\$ 1,964,657
LIABILITIES:			
<i>Accounts payable</i>	\$ --	\$ --	\$ 3,695
<i>Accrued liabilities</i>	--	--	3,168
<i>Other liabilities</i>	--	--	8,120
<i>Deferred revenue</i>	--	691,159	691,159
Total Liabilities	--	691,159	706,142
Fund Balances (Deficits):			
<i>Restricted</i>	4,327	--	1,322,626
<i>Committed</i>	--	--	545,938
<i>Unassigned</i>	--	(610,049)	(610,049)
Total Fund Balances (Deficits)	4,327	(610,049)	1,258,515
Total Liabilities and Fund Balances	\$ 4,327	\$ 81,110	\$ 1,964,657

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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, 2012

	Crime Control & Prevention	Street Maintenance	Risk/ Insurance Claims Fund	Hotel Motel Tax
Revenue:				
Taxes:				
<i>Sales</i>	\$ 236,330	\$ 280,101	\$ --	\$ --
<i>Hotel occupancy tax</i>	--	--	--	41,614
<i>Escrow and impact fees</i>	--	--	--	--
<i>Traffic fines and forfeitures</i>	--	--	--	--
<i>Police fees & permits</i>	--	--	--	--
<i>Parks & recreation fees</i>	--	--	--	--
<i>Donations</i>	--	--	--	--
<i>Grants</i>	--	--	--	--
<i>Interest income</i>	351	3,328	1,056	438
<i>Miscellaneous income</i>	--	(67)	57,272	--
Total revenues	236,681	283,362	58,328	42,052
Expenditures:				
Current:				
<i>Public safety</i>	199,699	--	19,816	--
<i>Community services</i>	--	--	--	--
<i>Public works</i>	--	365,831	--	--
<i>City administration</i>	--	--	15,755	--
Total Expenditures	199,699	365,831	35,571	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,982	(82,469)	22,757	42,052
Other Financing Sources (Uses):				
<i>Transfers in</i>	--	--	--	--
<i>Transfers out</i>	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balances	36,982	(82,469)	22,757	42,052
Fund Balances (Deficits) - Beginning	109,659	1,017,037	273,370	96,324
Fund Balances (Deficits) - Ending	\$ 146,641	\$ 934,568	\$ 296,127	\$ 138,376

Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Parks Development	Elm Fork Trails (State) Grant Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	10,307	13,515	--	--
19,718	--	--	--	--
84	--	--	--	--
8,704	--	--	50,000	--
107,116	--	--	--	120,031
448	8	39	806	--
5,216	--	--	--	--
<u>141,286</u>	<u>10,315</u>	<u>13,554</u>	<u>50,806</u>	<u>120,031</u>
37,327	--	--	--	--
--	--	6,425	11,500	103,311
--	--	--	--	--
2,262	--	--	--	--
<u>39,589</u>	<u>--</u>	<u>6,425</u>	<u>11,500</u>	<u>103,311</u>
101,697	10,315	7,129	39,306	16,720
--	--	--	--	--
(103,365)	(14,000)	--	--	(183,325)
<u>(103,365)</u>	<u>(14,000)</u>	<u>--</u>	<u>--</u>	<u>(183,325)</u>
(1,668)	(3,685)	7,129	39,306	(166,605)
122,462	4,123	12,056	168,802	166,605
<u>\$ 120,794</u>	<u>\$ 438</u>	<u>\$ 19,185</u>	<u>\$ 208,108</u>	<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, 2012

	TxDOT Grant	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:			
Taxes:			
Sales	\$ --	\$ --	\$ 516,431
Hotel occupancy tax	--	--	41,614
Escrow and impact fees	--	67,184	67,184
Traffic fines and forfeitures	--	--	23,822
Police fees & permits	--	--	19,718
Parks & recreation fees	--	--	84
Donations	--	--	58,704
Grants	4,000	--	231,147
Interest income	6	151	6,631
Miscellaneous income	--	--	62,421
Total revenues	<u>4,006</u>	<u>67,335</u>	<u>1,027,756</u>
Expenditures:			
Current:			
Public safety	7,679	--	264,521
Community services	--	--	121,236
Public works	--	3,933	369,764
City administration	--	--	18,017
Total Expenditures	<u>7,679</u>	<u>3,933</u>	<u>773,538</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,673)</u>	<u>63,402</u>	<u>254,218</u>
Other Financing Sources (Uses):			
Transfers in	8,000	--	8,000
Transfers out	--	(404,593)	(705,283)
Total Other Financing Sources (Uses)	<u>8,000</u>	<u>(404,593)</u>	<u>(697,283)</u>
Net Change in Fund Balances	4,327	(341,191)	(443,065)
Fund Balances (Deficits) - Beginning	--	(268,858)	1,701,580
Fund Balances (Deficits) - Ending	<u>\$ 4,327</u>	<u>\$ (610,049)</u>	<u>\$ 1,258,515</u>

CITY OF CORINTH, TEXAS
CRIME CONTROL & PREVENTION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 220,492	\$ 236,330	\$ 15,838
<i>Interest income</i>	--	351	351
Total revenues	<u>220,492</u>	<u>236,681</u>	<u>16,189</u>
Expenditures:			
Current:			
<i>Public safety</i>	236,253	199,699	36,554
Total Expenditures	<u>236,253</u>	<u>199,699</u>	<u>36,554</u>
Net Change in Fund Balances	(15,761)	36,982	52,743
Fund Balances - Beginning	<u>109,659</u>	<u>109,659</u>	--
Fund Balances - Ending	<u>\$ 93,898</u>	<u>\$ 146,641</u>	<u>\$ 52,743</u>

CITY OF CORINTH, TEXAS
STREET MAINTENANCE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 249,330	\$ 280,101	\$ 30,771
<i>Interest income</i>	2,000	3,261	1,261
Total revenues	<u>251,330</u>	<u>283,362</u>	<u>32,032</u>
Expenditures:			
Current:			
<i>Public works</i>	601,665	365,831	235,834
Total Expenditures	<u>601,665</u>	<u>365,831</u>	<u>235,834</u>
Net Change in Fund Balances	(350,335)	(82,469)	267,866
Fund Balances - Beginning	1,017,037	1,017,037	--
Fund Balances - Ending	<u>\$ 666,702</u>	<u>\$ 934,568</u>	<u>\$ 267,866</u>

CITY OF CORINTH, TEXAS
HOTEL MOTEL TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Hotel occupancy tax</i>	\$ 35,000	\$ 41,614	\$ 6,614
<i>Interest income</i>	--	438	438
Total revenues	<u>35,000</u>	<u>42,052</u>	<u>7,052</u>
Net Change in Fund Balances	35,000	42,052	7,052
Fund Balances - Beginning	<u>96,324</u>	<u>96,324</u>	--
Fund Balances - Ending	<u>\$ 131,324</u>	<u>\$ 138,376</u>	<u>\$ 7,052</u>

CITY OF CORINTH, TEXAS
MUNICIPAL COURT SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Traffic fines and forfeitures</i>	\$ 14,000	\$ 10,307	\$ (3,693)
<i>Interest income</i>	--	8	8
Total revenues	<u>14,000</u>	<u>10,315</u>	<u>(3,685)</u>
Other Financing Sources (Uses):			
<i>Transfers out</i>	(14,000)	(14,000)	--
Total Other Financing Sources (Uses)	<u>(14,000)</u>	<u>(14,000)</u>	<u>--</u>
Net Change in Fund Balances	--	(3,685)	(3,685)
Fund Balances - Beginning	<u>4,123</u>	<u>4,123</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 4,123</u>	<u>\$ 438</u>	<u>\$ (3,685)</u>

CITY OF CORINTH, TEXAS
MUNICIPAL COURT TECHNOLOGY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Traffic fines and forfeitures</i>	\$ 18,700	\$ 13,515	\$ (5,185)
<i>Interest income</i>	--	39	39
Total revenues	18,700	13,554	(5,146)
Expenditures:			
Current:			
<i>Community services</i>	25,000	6,425	18,575
Total Expenditures	25,000	6,425	18,575
Net Change in Fund Balances	(6,300)	7,129	13,429
Fund Balances - Beginning	12,056	12,056	--
Fund Balances - Ending	\$ 5,756	\$ 19,185	\$ 13,429

CITY OF CORINTH, TEXAS
 PARKS DEVELOPMENT FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
Donations	\$ 50,000	\$ 50,000	\$ --
Interest income	--	806	806
Total revenues	<u>50,000</u>	<u>50,806</u>	<u>806</u>
Expenditures:			
Current:			
Community services	12,000	11,500	500
Total Expenditures	<u>12,000</u>	<u>11,500</u>	<u>500</u>
Net Change in Fund Balances	38,000	39,306	1,306
Fund Balances - Beginning	<u>168,802</u>	<u>168,802</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 206,802</u>	<u>\$ 208,108</u>	<u>\$ 1,306</u>

CITY OF CORINTH, TEXAS
ROADWAY IMPACT FEE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Escrow and impact fees</i>	\$ --	\$ 67,184	\$ 67,184
<i>Interest income</i>	--	151	151
Total revenues	<u> --</u>	<u>67,335</u>	<u>67,335</u>
Expenditures:			
Current:			
<i>Public works</i>	--	3,933	(3,933)
Total Expenditures	<u> --</u>	<u>3,933</u>	<u>(3,933)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> --</u>	<u>63,402</u>	<u>63,402</u>
Other Financing Sources (Uses):			
<i>Transfers out</i>	(404,593)	(404,593)	--
Total Other Financing Sources (Uses)	<u>(404,593)</u>	<u>(404,593)</u>	<u> --</u>
Net Change in Fund Balances	(404,593)	(341,191)	63,402
Fund Balances - Beginning	<u>(268,858)</u>	<u>(268,858)</u>	<u> --</u>
Fund Balances - Ending	<u>\$ (673,451)</u>	<u>\$ (610,049)</u>	<u>\$ 63,402</u>

CITY OF CORINTH, TEXAS
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
Property	\$ 1,994,821	\$ 2,006,135	\$ 11,314
Interest income	--	7,197	7,197
Total revenues	1,994,821	2,013,332	18,511
Expenditures:			
Debt Service:			
Principal	1,534,125	1,534,125	--
Interest	830,701	812,393	18,308
Total Expenditures	2,364,826	2,346,518	18,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	(370,005)	(333,186)	36,819
Other Financing Sources (Uses):			
Transfers in	45,934	45,934	--
Total Other Financing Sources (Uses)	45,934	45,934	--
Net Change in Fund Balances	(324,071)	(287,252)	36,819
Fund Balances - Beginning	1,288,068	1,288,068	--
Fund Balances - Ending	\$ 963,997	\$ 1,000,816	\$ 36,819

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CITY OF CORINTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2012

	Vehicle Replacement Fund	LCFD Vehicle & Equipment Replacement	Street Escrow Fund
ASSETS			
<i>Cash</i>	\$ 110,958	\$ 118,841	\$ 17,727
<i>Investments</i>	290,039	--	355,019
Receivables (net of allowances for uncollectibles):			
<i>Interest</i>	190	--	300
Total Assets	\$ 401,187	\$ 118,841	\$ 373,046
LIABILITIES:			
<i>Accounts payable</i>	\$ --	\$ --	\$ --
Total Liabilities	--	--	--
Fund Balances:			
<i>Committed</i>	401,187	118,841	373,046
Total Fund Balances	401,187	118,841	373,046
Total Liabilities and Fund Balances	\$ 401,187	\$ 118,841	\$ 373,046

2004 Tax Notes Fund	2007 CO Streets Fund	2007 CO Tech Fund	2010 CO Fire Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 43,973	\$ 60,078	\$ 71,362	\$ 122,742	\$ 545,681
--	201,524	--	185,480	1,032,062
--	1,081	--	--	1,571
\$ 43,973	\$ 262,683	\$ 71,362	\$ 308,222	\$ 1,579,314
\$ 318	\$ --	\$ --	\$ --	\$ 318
318	--	--	--	318
43,655	262,683	71,362	308,222	1,578,996
43,655	262,683	71,362	308,222	1,578,996
\$ 43,973	\$ 262,683	\$ 71,362	\$ 308,222	\$ 1,579,314

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Vehicle Replacement Fund	LCFD Vehicle & Equipment Replacement	Street Escrow Fund
Revenue:			
Taxes:			
<i>Fire services</i>	\$ --	\$ 3,844	\$ --
<i>Donations</i>	--	--	--
<i>Interest income</i>	935	138	2,136
<i>Miscellaneous income</i>	7,568	--	--
Total revenues	8,503	3,982	2,136
Expenditures:			
Current:			
<i>Public safety</i>	158,337	2,450	--
<i>Planning and community development</i>	--	--	--
<i>Capital Outlay</i>	--	--	--
Debt Service:			
<i>Interest</i>	--	--	--
Total Expenditures	158,337	2,450	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	(149,834)	1,532	2,136
Other Financing Sources (Uses):			
<i>Transfers in</i>	250,000	75,000	--
<i>Transfers out</i>	--	--	--
<i>Sale of Capital Assets</i>	--	42,309	--
Total Other Financing Sources (Uses)	250,000	117,309	--
Net Change in Fund Balances	100,166	118,841	2,136
Fund Balances - Beginning	301,021	--	370,910
Fund Balances - Ending	\$ 401,187	\$ 118,841	\$ 373,046

2004 Tax Notes Fund	2007 CO Streets Fund	2007 CO Tech Fund	2010 CO Fire Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ --	\$ --	\$ --	\$ --	\$ 3,844
--	656,844	--	--	656,844
284	3,027	315	1,275	8,110
--	36,164	--	--	43,732
284	696,035	315	1,275	712,530
--	--	--	3,595	164,382
69,849	--	24,509	--	94,358
--	890,105	497	--	890,602
--	1,006	103	463	1,572
69,849	891,111	25,109	4,058	1,150,914
(69,565)	(195,076)	(24,794)	(2,783)	(438,384)
--	404,593	--	--	729,593
--	(1,094,546)	--	--	(1,094,546)
--	--	--	--	42,309
--	(689,953)	--	--	(322,644)
(69,565)	(885,029)	(24,794)	(2,783)	(761,028)
113,220	1,147,712	96,156	311,005	2,340,024
\$ 43,655	\$ 262,683	\$ 71,362	\$ 308,222	\$ 1,578,996

CITY OF CORINTH, TEXAS
 ECONOMIC DEVELOPMENT CORPORATION
 DISCRETELY PRESENTED COMPONENT UNIT
 BALANCE SHEET
 SEPTEMBER 30, 2012

ASSETS	
Cash	\$ 313,690
Investments	2,212,117
Receivables (net of allowances for uncollectibles):	
Sales taxes	108,596
Interest	4,905
Total Assets	\$ 2,639,308
LIABILITIES:	
Accounts payable	\$ 1,406
Accrued liabilities	2,859
Other liabilities	2,706
Total Liabilities	6,971
Fund Balances:	
Restricted	2,632,337
Total Fund Balances	2,632,337
Total Liabilities and Fund Balances	\$ 2,639,308

RECONCILIATION OF FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS

Total fund balance - governmental funds balance sheet	\$ 2,632,337
Payables for compensated absences which are not due in the current period are not reported in the funds.	(3,166)
Net assets of governmental activities - Statement of Net Assets	\$ 2,629,171

CITY OF CORINTH, TEXAS
 ECONOMIC DEVELOPMENT CORPORATION
 DISCRETELY PRESENTED COMPONENT UNIT
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT C-16

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenue:			
Taxes:			
<i>Sales</i>	\$ 498,660	\$ 560,181	\$ 61,521
<i>Interest income</i>	12,000	11,434	(566)
<i>Miscellaneous income</i>	--	63	63
Total revenues	<u>510,660</u>	<u>571,678</u>	<u>61,018</u>
Expenditures:			
Current:			
<i>Planning and community development</i>	1,239,011	228,334	1,010,677
Total Expenditures	<u>1,239,011</u>	<u>228,334</u>	<u>1,010,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(728,351)	343,344	1,071,695
Fund Balances - Beginning	<u>2,288,993</u>	<u>2,288,993</u>	--
Fund Balances - Ending	<u>\$ 1,560,642</u>	<u>\$ 2,632,337</u>	<u>\$ 1,071,695</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balance	\$ 343,344
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(3,166)
Change in net assets of governmental activities - Statement of Activities	<u>\$ 340,178</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.

Contents	Page
Financial Trends	84
<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	89
<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	96
<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	100
<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	103
<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 TEN FISCAL YEARS (1), (2), (3), and (4)
(ACCURAL BASIS OF ACCOUNTING)
(Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ (199,088)	\$ 565,152	\$ 43,970,301	\$ 42,786,734	\$ 42,456,235	\$ 40,684,154	\$ 41,050,434	\$ 39,858,647	\$ 41,537,428	\$ 38,955,723
Restricted	2,626,861	3,417,639	977,578	2,951,097	3,109,568	3,020,980	795,115	6,713,859	2,400,976	2,614,336
Unrestricted	1,754,328	1,635,029	6,226,345	5,847,984	5,762,421	6,112,583	8,395,075	2,663,382	6,894,904	6,632,691
Total Governmental Activities Net Assets	\$ 4,182,141	\$ 5,617,820	\$ 51,174,224	\$ 51,585,815	\$ 51,328,224	\$ 49,817,717	\$ 50,240,624	\$ 49,255,868	\$ 50,793,308	\$ 48,412,750
Business-Type Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 12,112,485	\$ 10,987,669	\$ 12,462,107	\$ 13,801,367	\$ 16,086,492	\$ 15,604,347	\$ 15,881,901	\$ 17,746,701	\$ 19,490,897	\$ 21,783,319
Restricted	1,663,050	1,866,796	1,364,100	2,625,039	3,295,736	5,229,817	5,638,822	5,883,737	5,858,618	6,270,093
Unrestricted	(456,751)	(1,055,443)	799,118	16,426,406	19,382,228	20,634,164	21,520,723	23,630,438	25,349,515	28,053,412
Total Business-Type Activities Net Assets	\$ 13,338,784	\$ 11,799,022	\$ 14,625,325	\$ 16,426,406	\$ 19,382,228	\$ 20,634,164	\$ 21,520,723	\$ 23,630,438	\$ 25,349,515	\$ 28,053,412
Primary Government										
Invested in Capital Assets,										
Net of Related Debt	\$ 11,913,397	\$ 11,552,821	\$ 58,748,420	\$ 58,904,113	\$ 60,858,739	\$ 56,288,501	\$ 56,932,335	\$ 57,605,348	\$ 61,028,325	\$ 60,749,042
Restricted	4,309,931	5,284,435	2,341,678	2,951,097	10,890,788	3,020,980	795,115	6,713,859	2,400,976	2,614,336
Unrestricted	1,297,577	579,586	7,025,463	8,473,023	1,286,937	11,342,400	14,033,897	8,567,119	12,713,522	13,102,784
Total Primary Government Net Assets	\$ 17,520,905	\$ 17,416,842	\$ 68,115,561	\$ 70,328,233	\$ 73,026,464	\$ 70,651,881	\$ 71,761,347	\$ 72,866,326	\$ 76,142,823	\$ 76,466,162
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										

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

	2003	2004	2005	2006	2007 (1)	2008 (2)	2009	2010	2011	2011(2)
Expenses										
Governmental Activities:										
Public safety	\$ 1,833,954	\$ 2,158,121	\$ 2,157,623	\$ 2,570,307	\$ 2,745,345	\$ 6,891,366	\$ 7,956,599	\$ 7,716,433	\$ 7,454,086	\$ 7,769,391
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	1,729,610
Culture & Recreation	1,043,990	1,048,510	1,173,264	--	--	--	--	--	--	--
Public works	1,778,484	688,839	3,415,957	4,105,885	4,065,127	4,571,006	1,784,753	4,152,860	4,288,961	4,829,902
Highways & Streets	--	--	--	596,687	744,218	810,774	877,117	875,457	709,693	730,829
Planning and community development	444,553	394,067	350,040	--	--	--	--	--	--	--
Community development	314,892	246,323	206,577	--	--	--	--	--	--	--
Economic development	--	--	--	594,134	713,750	1,425,905	1,340,171	1,876,455	1,663,492	1,607,926
City administration	--	--	--	725,165	949,085	702,155	686,977	688,069	634,749	655,335
Financial and administrative services	1,429,309	1,476,264	1,811,598	--	--	--	--	--	--	--
General Government	1,582,717	870,298	769,953	578,365	530,981	894,159	969,752	920,663	809,445	835,566
Interest on Long-Term Debt	9,573,857	8,211,081	11,360,389	12,385,871	13,549,708	17,246,207	16,086,125	18,209,031	17,254,289	18,158,559
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	10,202,770
Business-type Activities:										
Water and Wastewater	--	--	295,597	207,768	347,612	464,127	510,190	527,768	449,894	520,818
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	10,723,588
Total Business-type Activities 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	\$ 28,882,147
Total Primary Government Expenses										
Program Revenues	\$ 239,822	\$ 447,107	\$ 492,359	\$ 133,700	\$ 171,534	\$ 2,442,177	\$ 3,028,462	\$ 2,858,365	\$ 3,218,248	\$ 3,036,630
Governmental Activities:										
Charges for Services:										
Public safety	--	--	--	774,741	750,410	208,352	178,695	197,322	305,958	318,297
Community services	104,945	97,960	130,454	--	--	--	--	--	340,413	72,087
Public Works	--	--	--	661,209	493,749	416,347	297,861	298,676	564,447	364,980
Culture & Recreation	--	--	--	7,890	13,972	--	--	--	--	--
Planning and community development	--	--	--	252,636	559,992	881,951	1,024,019	1,180,425	177,273	88,599
City administration	1,108,355	1,099,768	1,147,641	--	--	--	--	--	--	--
Finance and administrative services	2,476	25,716	159,282	211,840	202,291	271,544	107,572	166,836	152,477	101,458
General Government	--	36,796	5,786	688,101	1,055,742	725,200	171,306	1,243,666	858,404	944,835
Operating Grants and Contributions	--	1,707,347	1,935,522	2,729,937	3,247,690	4,945,571	4,807,915	5,945,290	5,617,220	4,926,886
Capital Grants and Contributions	1,455,598	--	--	--	--	--	--	--	--	--
Total Governmental Activities Program Revenues	\$ 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	\$ 11,715,891
Business-type Activities:										
Charges for Services:										
Water and Wastewater	--	--	295,598	364,504	432,848	495,193	552,871	587,074	552,916	655,400
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	581,490
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	12,952,781
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	\$ 17,879,667
Total Primary Government Program Revenues										
Net (Expense)/Revenue	\$ (8,118,259)	\$ (6,503,734)	\$ (9,424,867)	\$ (9,655,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)	\$ (13,231,673)
Governmental Activities	(1,203,810)	(779,286)	634,035	1,662,886	2,565,216	2,312,783	641,732	2,147,216	3,646,275	2,229,193
Business-type Activities	(9,322,069)	(7,283,020)	(8,790,832)	(7,993,048)	(7,736,802)	(9,987,853)	(10,618,478)	(10,116,525)	(7,990,794)	(11,002,480)
Total Primary Government Net Expense										

(1) 2007 restated for debt reallocation.
(2) During 2008, the City acquired the Lake Cities Fire Department from other participating cities. Expenses incurred before and after acquisition are reported in public safety.

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

	Fiscal Year									
	2003	2004	2005	2006	2007 (1)	2008 (2)	2009	2010	2011	2012
Net (Expense)/Revenue										
Governmental Activities	\$ (8,118,258)	\$ (6,503,734)	\$ (9,424,867)	\$ (9,635,994)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,280,210)	\$ (12,283,741)	\$ (11,637,069)	\$ (13,231,673)
Business-type Activities	(1,203,810)	(779,286)	634,034	1,662,886	2,585,216	2,312,783	641,732	2,147,216	3,646,275	2,229,193
Total Primary Government Net Expense	(9,322,068)	(7,283,020)	(8,790,833)	(7,973,048)	(7,716,802)	(9,987,853)	(10,618,478)	(10,116,525)	(7,990,794)	(11,002,480)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	3,689,016	6,515,600	6,841,794	6,894,264	7,362,347	7,784,085	8,288,285	8,117,648	8,236,635	8,292,788
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	1,689,889
Franchise Taxes	676,333	832,345	742,121	1,289,688	667,199	894,191	1,456,065	919,700	1,083,786	1,065,097
Other Taxes	3,586	18,297	4,169	--	--	--	--	--	--	--
Miscellaneous	2,280,952	531,844	236,163	37,082	46,395	73,884	95,154	20,050	34,555	143,809
Investment Earnings	47,337	86,918	114,676	427,975	562,353	740,740	318,460	207,718	98,465	63,010
Special item inflow (outflow)	--	--	--	--	--	(1,742,435)	--	--	(700,000)	(134,365)
Transfers	780,000	(559,938)	(486,669)	(22,500)	(138,510)	1,515,701	360,418	550,426	2,734,363	(269,093)
Total Governmental Activities	8,312,435	8,248,104	8,567,199	10,067,525	10,039,091	10,790,129	11,536,116	11,279,001	13,079,705	10,851,115
Business-type Activities:										
Miscellaneous	1,201,954	--	19,606	19,983	103,243	11,212	53,980	355,428	31,859	11,738
Investment Earnings	8,934	51,133	120,742	95,712	164,855	643,642	295,606	157,497	75,308	59,488
Special item inflow (outflow)	--	--	--	--	--	--	--	--	700,000	134,385
Transfers	(680,000)	559,938	485,120	22,500	138,510	(1,515,701)	(360,418)	(550,426)	(2,734,363)	269,093
Total Business-type Activities	530,888	611,071	625,468	138,195	406,608	(860,847)	(10,832)	(37,501)	(1,927,196)	474,704
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	11,325,819
Change in Net Assets	194,177	1,745,370	(857,668)	411,771	(262,927)	(1,510,507)	275,906	(984,740)	1,442,636	(2,380,558)
Governmental Activities	(672,922)	(188,215)	1,259,502	1,801,081	2,971,824	1,451,936	630,900	2,109,715	1,719,079	2,703,897
Business-type Activities	(478,745)	1,577,155	401,834	2,212,852	2,708,897	(58,571)	906,806	1,124,975	3,161,715	323,339
Total Primary Government	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

(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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012
General Fund										
Reserved	\$ 2,321,856	\$ 70,996	\$ 60,234	\$ 88,311	\$ 152,119	\$ 185,245	\$ 103,982	\$ 143,025	\$ --	\$ --
Non-Spendable	--	--	--	--	--	--	--	--	216,714	207,874
Committed	--	--	--	--	--	--	--	--	--	--
Unreserved	650,644	2,835,785	4,016,196	5,574,219	6,038,090	4,559,689	4,337,600	3,730,485	--	--
Unassigned	--	--	--	--	--	--	--	--	4,552,509	5,246,830
Total General Fund	\$ 2,972,500	\$ 2,906,781	\$ 4,076,430	\$ 5,662,349	\$ 6,190,209	\$ 4,744,934	\$ 4,441,582	\$ 3,873,510	\$ 4,769,223	\$ 5,454,704
All Other Governmental Funds										
Reserved	\$ 2,336,307	\$ 3,158,826	\$ 1,811,859	\$ 1,259,957	\$ 1,517,764	\$ 1,130,120	\$ 2,660,627	\$ 4,666,027	\$ --	\$ --
Restricted	--	--	--	--	--	--	--	--	4,427,759	2,323,442
Committed	--	--	--	--	--	--	--	--	1,170,771	2,124,934
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	1,698,645	707,092	930,290	1,672,512	9,324,007	10,639,614	7,670,458	2,054,708	--	--
Unassigned	--	--	--	--	--	--	--	--	(268,858)	(610,049)
Total All Other Governmental Funds	\$ 4,094,520	\$ 3,898,291	\$ 2,989,940	\$ 3,725,095	\$ 12,032,693	\$ 13,242,553	\$ 12,193,247	\$ 8,599,983	\$ 5,329,672	\$ 3,838,327

(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)

(Unaudited)

	2003	2004	2005	2006	2007 (1)	2008	2009	2010	2011	2012
Revenues										
Taxes	7,198,835 \$	8,107,616 \$	8,779,829 \$	9,618,306 \$	9,498,132 \$	10,247,707 \$	10,771,375 \$	10,530,117 \$	10,911,621 \$	11,048,433
Licenses, Fees and Permits	1,108,403	909,512	916,794	861,652	468,395	400,375	283,232	304,009	1,091,761	661,689
Fines and Penalties	401,998	645,562	383,693	657,395	627,526	670,529	700,857	652,755	634,141	577,101
Charges for Services	87,905	212,917	423,299	468,651	782,146	2,639,945	3,256,122	3,529,997	2,547,590	2,531,739
Investment Earnings	47,424	27,843	91,574	427,975	562,354	740,741	318,461	207,717	98,464	63,010
Donations	--	--	--	--	--	--	--	713,564	1,012,607	947,567
Special Assessments Intergovernmental	431	--	--	--	134,798	251,200	114,719	110,972	--	--
Other Revenues	24,173	546,344	323,557	433,153	182,512	256,369	97,101	269,142	--	--
Total Revenues	8,669,169	10,449,794	10,928,746	12,331,270	12,304,639	15,820,667	15,641,361	16,381,970	16,456,712	16,034,810
Expenditures										
Public safety	1,833,954	2,158,121	2,157,623	2,532,277	2,682,837	8,120,829	7,740,539	8,241,429	8,073,621	7,520,802
Fire	1,145,958	1,318,659	1,475,376	1,565,570	1,995,931	--	--	--	--	--
Community services	--	--	--	1,722,157	1,662,575	1,888,806	2,309,808	1,825,414	1,752,265	1,794,276
Culture & Recreation	1,043,990	1,048,510	1,079,253	--	1,471,635	--	--	--	--	--
Public works	--	--	--	1,678,825	1,471,635	1,464,051	929,424	876,510	1,640,574	1,222,644
Highways & Streets	1,778,434	698,839	1,051,583	--	--	--	--	--	--	--
Planning and community development	--	--	--	584,199	731,568	822,157	855,155	872,953	699,586	751,109
Community development	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	1,444,883
Finance and administrative services	--	--	--	669,849	895,690	705,898	685,409	672,763	614,157	641,484
General Government	1,429,309	1,476,264	2,159,873	--	--	1,185,301	973,949	--	--	--
Capital Outlay	173,499	43,033	--	--	--	--	--	6,098,235	5,122,041	890,602
Debt Service	--	--	--	--	--	--	--	--	--	--
Interest	1,562,717	870,298	753,583	587,389	516,490	889,048	919,943	870,561	847,405	813,965
Principal	741,250	776,750	1,415,000	1,437,500	781,750	1,257,650	1,494,683	1,480,700	1,456,375	1,534,125
Bond issuance costs	--	--	--	65,363	149,074	728	1,107	27,827	--	--
Total Expenditures	10,488,556	9,030,864	10,644,870	11,314,309	11,461,076	17,571,782	17,408,865	22,625,888	21,660,455	16,613,890
Exce Over (Under) Expenditures	(1,619,387)	1,418,930	283,876	938,610	843,563	(1,751,115)	(1,767,604)	(6,243,918)	(5,203,743)	(579,080)
Other Financing Sources (Uses)										
Bonds issued	--	--	1,200,000	3,962,400	12,139,950	--	--	1,500,000	--	--
Payments to Escrow Agent	--	--	--	(4,025,732)	(4,288,930)	--	--	--	--	--
Bond premium/discout	--	--	--	36,272	187,925	--	--	--	--	--
Capital Lease	--	--	107,346	--	--	--	5,434	--	--	--
Sale of capital assets	--	--	--	--	91,460	--	--	--	--	42,309
Transfers in (Out)	--	--	--	309,009	(138,510)	1,515,701	360,418	550,426	2,734,363	(269,093)
Total Other Financing Sources (uses)	--	--	1,307,346	281,949	7,991,895	1,515,701	365,852	2,050,426	2,734,363	(226,784)
Net Change in Fund Balances	(1,619,387) \$	1,418,930 \$	1,591,222 \$	1,298,910 \$	8,835,458 \$	(235,414) \$	(1,401,752) \$	(4,193,492) \$	(2,469,380) \$	(805,864)
Debt Service As A Percentage Of Noncapital Expenditures	29.10%	22.40%	25.30%	21.90%	12.80%	12.80%	15.20%	15.16%	15.51%	15.68%

(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
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
2012	8,293,447	1,689,889	1,065,097	11,048,433
Percent Change 2003-2012	124.8%	97.6%	65.1%	112.9%

(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, Ag, and Mineral 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
2003	\$ 860,425,894	\$ 198,037,277	\$ 4,719,761	\$ 1,053,743,410	0.52600	\$ 1,072,292,044	98.270%
2004	956,475,535	182,760,928	4,293,853	1,134,942,610	0.54975	1,148,698,875	98.802%
2005	1,008,448,363	181,575,304	3,795,317	1,186,228,350	0.56062	1,196,002,733	99.183%
2006	1,042,745,727	184,523,945	12,223,388	1,215,046,284	0.55698	1,225,470,133	99.149%
2007	1,196,414,635	176,068,505	25,555,712	1,346,927,428	0.55698	1,372,483,140	98.138%
2008	1,211,631,679	195,599,938	10,384,265	1,396,847,352	0.55698	1,417,615,882	98.535%
2009	1,187,265,640	190,126,178	16,522,699	1,360,869,119	0.57700	1,393,914,517	97.629%
2010	1,153,359,201	325,754,337	92,100,190	1,387,013,348	0.57700	1,387,013,348	100.000%
2011	1,252,309,929	234,688,468	96,489,458	1,390,508,939	0.59292	1,390,508,939	100.000%
2012	1,211,861,253	268,045,937	88,120,582	1,391,786,608	0.59135	1,391,786,608	100.000%

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
2003	\$ 0.34040	\$ 0.18560	\$ 0.52600	\$ 1.86400	\$ 1.69000	\$ 0.31060	\$ 0.24897
2004	0.36760	0.18210	0.54970	1.86400	1.74000	0.33000	0.24717
2005	0.39332	0.16730	0.56062	1.86400	1.79500	0.32100	0.25480
2006	0.43239	0.12459	0.55698	1.86400	1.86000	0.31000	0.24648
2007	0.42739	0.12959	0.55698	1.76400	1.79000	0.31000	0.23192
2008	0.44739	0.10959	0.55698	1.49000	1.65000	0.31000	0.23580
2009	0.43852	0.13846	0.57698	1.49000	1.65000	0.21000	0.24980
2010	0.43850	0.13850	0.57700	1.53000	1.67000	0.15000	0.27390
2011	0.44946	0.14346	0.59292	1.53000	1.67000	--	0.27740
2012	0.44789	0.14346	0.59135	1.53000	1.67000	--	0.27740

Source: Denton Central Appraisal District

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

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
S. Corinth Apts LLC, dba The Blvd.	\$ 18,932,253	1	1.36%			
Denton County Electric Coop	15,090,644	2	1.08%	\$ 9,673,271	4	0.85%
MPT of Corinth, LP	14,999,505	3	1.08%	--		
ONCOR Elec Delivery/TXU	12,073,420	4	0.87%	13,194,260	3	1.16%
Corinth Healthcare Realty, LLC	8,238,755	5	0.59%	--		
Utter Properties, LLC	6,750,824	6	0.48%	4,695,514	9	0.41%
Tower Ridge Corinth I, LTD	6,299,659	7	0.45%	--		
Kensington Square LP PS	4,875,840	8	0.35%	5,340,088	6	0.47%
Dallas GSGS Properties LLC	4,400,000	9	0.32%	--		
AC SS Fund I Corinth, LLC	4,031,144	10	0.29%	--		
Boeing - Corinth Inc	--			36,915,542	1	3.25%
ACLP Kensington Park LP	--			14,379,526	2	1.27%
Albertson's	--			6,397,048	7	0.56%
Utter, Bill	--			5,180,580	8	0.46%
Pulte Homes of Tx LP	--			4,806,134	9	0.42%
Upsilon Corp.	--			4,687,846	10	0.41%
Total	\$ 95,692,044		6.87%	\$ 105,269,809		9.28%

Source: Denton Central Appraisal District

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	131,367	6,595,003	99.99%
2006	6,770,070	6,706,697	99.06%	60,830	6,767,527	99.96%
2007	7,234,271	7,166,741	99.07%	63,776	7,230,517	99.95%
2008	7,497,484	7,428,184	99.08%	62,449	7,490,633	99.91%
2009	8,213,110	8,155,554	99.30%	50,767	8,206,321	99.92%
2010	8,124,258	8,023,338	98.76%	91,833	8,115,171	99.89%
2011	8,158,910	8,121,978	99.55%	22,711	8,144,689	99.83%
2012	8,230,340	8,207,634	99.72%	--	8,207,634	99.72%

Sources: Denton Central Appraisal District

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

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (1)
Agriculture, Forestry and Fishing	\$ 368,182	\$ 1,701,873	\$ 1,575,004	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Construction	3,852,175	564,614	9,503	2,537,401	6,400,892	4,351,614	1,746,710	311,261	942,329	961,974
Manufacturing	358,527	301,795	754,783	4,962,686	2,636,616	3,006,576	2,753,171	923,369	738,044	256,278
Transportation, Communications and Utilities	76,007,439	82,638,801	98,276,725	78,610,397	85,742,334	103,385,801	88,626,467	90,520,993	90,939,863	37,347,546
Wholesale Trade	4,037,199	2,612,741	330,578	6,764,242	3,266,001	2,618,569	2,659,948	3,213,997	4,319,250	1,614,688
Retail Trade	29,002,808	29,599,390	31,313,395	22,304,776	24,101,476	22,599,645	19,620,574	20,762,549	22,850,992	12,352,549
Services	8,947,589	10,032,231	8,732,422	2,295,353	4,163,780	4,513,536	4,639,562	4,879,098	5,710,772	3,361,126
All Other Outlets	--	5,187	5,414,998	23,255,182	25,868,213	18,291,600	14,022,886	19,772,152	21,602,742	11,390,086
Total	\$ 122,573,919	\$ 127,456,632	\$ 146,407,408	\$ 140,730,037	\$ 152,179,312	\$ 158,767,341	\$ 134,069,318	\$ 140,383,419	\$ 147,103,992	\$ 67,284,247
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 2012 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
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%
2012	1.00%	0.25%	0.50%	0.25%

Source: Texas State Comptroller

TABLE D-13

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

Fiscal Year	General Bonded Debt				Percentage of Actual Taxable Value of Property	Per Capita	Other Gov't Activities Debt		Percentage of Personal Income
	General Obligation Bonds	Certificates of Obligation/Tax Notes	Total Tax Supported Debt	Capital Leases			Per Capita	Total Government	
2003	\$ 14,437,750	\$ 1,355,000	\$ 15,792,750	933	1.50%	\$ --	\$ --	1,153	3.54%
2004	13,796,000	1,200,000	14,996,000	852	1.32%	--	--	1,046	3.13%
2005	13,121,000	1,640,000	14,761,000	829	1.24%	107,346	107,346	1,015	2.93%
2006	13,257,100	135,000	13,392,400	722	1.10%	87,645	87,645	881	2.48%
2007	12,599,150	7,888,699	20,379,150	1,048	1.58%	67,098	67,098	2,001	5.48%
2008	11,791,500	9,154,333	20,945,833	1,066	1.56%	45,667	45,667	1,887	5.12%
2009	10,978,150	8,473,000	19,451,150	983	1.45%	23,314	23,314	1,769	4.78%
2010	10,106,450	9,364,000	19,470,450	977	1.40%	--	--	1,724	4.65%
2011	9,082,075	9,632,000	18,714,075	939	1.35%	--	--	1,617	4.35%
2012	8,004,950	9,309,385	17,314,335	868	1.24%	--	--	1,504	4.05%
TOTAL PRIMARY GOVERNMENT									
Fiscal Year	Business-type Activities				Percentage of Personal Income	Per Capita	Total Government	Per Capita	Percentage of Personal Income
	General Obligation Bonds	Certificates of Obligation	Total Tax Supported Debt	Capital Leases					
2003	\$ 3,152,250	\$ 5,700,000	\$ 3,722,250	--	\$ --	\$ 19,515,000	1,153	3.54%	
2004	3,024,000	385,000	3,409,000	--	--	18,405,000	1,046	3.13%	
2005	2,889,000	200,000	3,089,000	107,346	18,064,692	1,015	1,015	2.93%	
2006	2,782,600	--	2,782,600	87,645	16,350,290	881	881	2.48%	
2007	2,615,850	15,821,301	18,545,850	67,098	38,925,000	2,001	2,001	5.48%	
2008	2,413,500	13,620,667	16,034,167	45,667	37,071,334	1,887	1,887	5.12%	
2009	2,176,850	13,327,000	15,503,850	23,314	35,001,628	1,769	1,769	4.78%	
2010	1,923,550	12,956,000	14,879,550	--	34,350,000	1,724	1,724	4.65%	
2011	1,777,925	11,738,000	13,515,925	--	32,230,000	1,617	1,617	4.35%	
2012	1,625,050	11,060,615	12,685,665	--	30,000,000	1,504	1,504	4.05%	

TABLE D-14

CITY OF CORINTH, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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
2012	8,004,950	0.58%	401

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

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Debt Repaid With Property Taxes			
Denton County	\$ 553,915,000	2.610%	\$ 14,457,182
Denton Independent School District	608,536,278	7.290%	44,362,295
Lake Dallas Independent School District	93,571,648	47.250%	44,212,604
Other Debt			
Denton County capital leases	210,152	2.610%	5,485
Denton ISD capital leases	675,770	7.290%	49,264
Lake Dallas ISD capital leases	658,262	47.250%	311,029
Subtotal, Overlapping Debt			103,397,857
City Direct Debt			17,314,335
Total Direct and Overlapping Debt			\$ 120,712,192

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2011
Debt Limit	\$ 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	\$ 139,178,661
Total Net Debt Applicable to Limit	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	28,999,184
Legal Debt Margin	\$ 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	\$ 110,179,477
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	18.77%	16.22%	14.54%	13.31%	30.24%	26.63%	24.58%	22.12%	20.53%	20.84%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,391,786,608
Debt Limit (10% of Assessed Value)	139,178,661
Debt Applicable to Limit:	
General bonded debt	30,000,000
Less: Amount Set Aside for Repayment of General Bonded Debt	1,000,816
Net Debt Applicable to Limit	28,999,184
Legal Debt Margin	\$ 110,179,477

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Population [1]	16,919	17,592	17,800	18,550	19,450	19,650	19,788	19,926	19,935	19,444
Median Household Income [2]	\$ 83,714	\$ 85,943	\$ 88,855	\$ 91,266	\$ 93,776	\$ 94,714	\$ 95,696	\$ 96,653	\$ 99,127	\$ 101,664
Per Capita Personal Income [3]	\$ 32,581	\$ 33,449	\$ 34,582	\$ 35,521	\$ 36,498	\$ 36,863	\$ 36,987	\$ 37,097	\$ 37,135	\$ 37,173
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	32	32	32	33	35
Education Level [6]										
High school graduate (or equivalent)	96%	96%	96%	96%	96%	96%	96%	96%	88%	96%
Some college/associate's degree	65%	65%	65%	65%	65%	65%	65%	65%	31%	65%
Bachelor's degree	39%	39%	39%	39%	39%	39%	39%	39%	37%	39%
Master's, professional or doctorate	11%	11%	11%	11%	11%	11%	11%	11%	12%	12%
School Enrollment [7]	4,418	4,594	4,648	4,844	5,092	5,144	5,196	5,246	5,298	5,351
Unemployment [8]	5.0%	4.1%	4.2%	3.8%	4.0%	4.8%	4.9%	7.1%	7.9%	6.3%

[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	2012			2003 [1]		
	Employees	Rank	Percentage of Total City Employment [2]	Employees	Rank	Percentage of Total City Employment
Lake Dallas ISD	583	1	13.44%	--	--	--
North Central Texas College	382	2	8.81%	--	--	--
CoServ	381	3	8.78%	--	--	--
Atrium Hospital	233	4	5.37%	--	--	--
City of Corinth	156	5	3.60%	--	--	--
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	2,041		47.05%	--		--

Source: City Economic Development Division

[1] 2003 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
City Administration										
City Management	4.0	3.0	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	1.0
Public Safety										
Police	25.0	25.0	26.0	30.0	31.0	31.0	31.0	28.0	28.0	28.0
Animal Control	1.0	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.5
Lake Cities Fire Department [2]	39.0	39.0	36.0	38.0	40.0	41.0	41.0	41.0	41.0	40.0
Public Works										
Streets	12.4	5.4	7.4	7.0	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]	9.0	8.0	8.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Planning	3.0	3.0	2.0	2.0	4.0	5.0	5.0	4.0	4.0	3.0
Code Enforcement & Permitting	--	--	3.0	3.0	1.0	1.0	--	--	--	--
Community Services	16.0	18.0	17.0	17.0	--	--	--	--	--	--
Municipal Court	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Parks & Recreation				18.3	18.3	18.3	18.3	17.8	17.8	17.5
Finance & Admin. Services										
Finance [4]	6.0	7.0	8.0	5.0	6.0	7.0	7.0	6.5	6.5	6.5
Human Resources	--	--	--	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Information Services	--	--	--	1.0	2.0	2.0	2.0	2.5	2.5	3.0
Water/Wastewater Fund										
Water/Wastewater	26.6	26.6	26.6	23.6	23.0	23.0	23.0	21.0	21.0	21.0
Utility Billing	--	--	--	3.0	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	3.0
Crime Control District Fund	--	--	--	2.0	1.0	2.0	2.0	2.0	2.0	2.0
Child Safety Program	--	--	--	--	--	3.0	3.0	3.0	3.0	3.0
Total	147.0	141.0	146.5	152.1	157.8	165.8	164.8	158.6	158.6	155.8

Source: City of Corinth Adopted Budget

[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 2003 through 2004.

[4] In fiscal year 2006, the Human Resources and Information Services divisions were reported separately from the Finance division.

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Building Permits - Single Family Home	290	265	176	108	50	18	20	25	32	18
Building Permits - Commercial	16	18	17	9	3	7	2	2	2	2
Police										
Physical Arrests	535	528	713	836	572	565	531	516	410	349
Parking Violations	91	117	105	38	51	22	41	20	38	14
Traffic Violations	5,379	6,471	4,940	8,711	7,102	6,756	5,978	6,046	5,544	5,787
Fire [1]										
Emergency Responses	718	810	921	930	1,089	2,235	2,198	2,422	2,600	2,655
Fires Extinguished	21	18	33	29	42	33	55	56	66	49
Inspections	--	--	--	137	349	330	313	376	395	180
Other Public Works										
Street Resurfacing (miles)	1	1	<1	<1	1	<1	<1	3	3	2
Potholes Repaired	1,843	1,265	1,040	461	6,080	1,275	1,110	637	1,160	2,948
Parks and Recreation										
Classes offered (hours) [2]	--	669	816	565	526	1,935	1,424	894	454	273
Participants	--	4,419	4,883	4,150	3,758	7,501	7,162	4,420	4,105	1,936
Special events hours [3]	--	123	111	124	117	698	963	1,351	4,484	1,054
Participants	--	18,255	15,639	21,284	22,000	18,187	22,065	31,409	39,567	8,312
Association Participants	--	--	--	--	24,880	82,890	83,010	115,910	126,940	25,239
Athletic League Participants	--	--	--	--	--	--	--	--	--	67,056
Recreation center general use (hours) [4]	--	4,052	8,735	12,453	15,768	10,072	7,095	5,327	7,243	7,610
Water										
New Connections	382	234	202	131	98	12	15	35	50	18
Water Main Breaks	31	41	37	47	5	11	26	9	8	3
Average Daily Consumption (millions of gallons)	2.79	2.52	3.00	3.55	2.45	2.66	2.60	2.24	3.77	4.24
Peak Daily Consumption (millions of gallons)	8.10	7.15	7.04	7.35	5.59	7.00	6.24	6.36	7.99	7.32
Wastewater										
New Connections	13	2	33	22	151	14	16	35	43	18
Average Daily Sewage Treatment (millions of gallons)	0.52	0.66	0.72	0.67	1.05	1.01	1.05	1.20	1.02	1.10
Upper Trinity Regional Water District [5]	0.78	0.99	1.45	1.25	0.70	0.92	0.84	0.92	0.30	1.78
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 information provided for fiscal years 2004 through 2007 reflects the number of classes/special events and does not reflect the total hours.
 [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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	13	18	18	18	18	18	18	18	18
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles) (2)	78	90	95	100	108	110	110	111	111	89
Highways (miles) (3)	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	6.2
Traffic Signals	--	--	--	1	2	2	2	2	6	7
Parks and Recreation										
Acreage	182	182	182	182	184	184	184	184	184	184
Playgrounds	8	9	10	10	11	11	11	11	11	11
Baseball/Softball Fields	7	7	7	7	7	8	8	8	8	8
Soccer/Football Fields	6	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	12.74
Water										
Connections	6,007	6,241	6,443	6,574	6,672	6,671	6,719	6,766	6,780	6,809
Water Mains (miles)	--	102	103	105	103	103	105	106	108	110
Fire Hydrants	693	695	728	750	732	732	774	785	787	810
Storage Capacity (millions 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	5,715	6,025	6,222	6,267	6,418	6,413	6,452	6,433	6,512	6,537
Sanitary Sewers (miles)	87.0	94.0	94.0	95.2	93.7	93.7	96.2	96.4	97.6	97.9
Storm Sewers (miles)	21.08	23.06	26.04	30.04	31.00	31.00	33.46	35.30	36.85	38.37
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 of Corinth departments

[1] The City of Denton bills the City of Corinth based on 1), wastewater flow meters and 2), 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.

[2] Street mileage was reduced in 2012 after elimination of unpaved roads.

[3] Highway mileage was increased in 2012 to account for associated access roads.