

City of Corinth

Comprehensive Annual Financial Report



**For the fiscal year
ended
*September 30, 2013***

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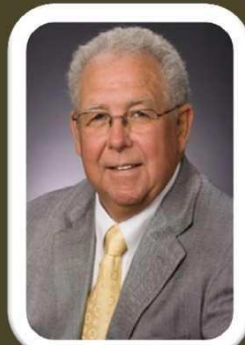
2) Pages are linked in the Table of Contents. From the individual pages, click on the 'Table of Contents' button in the upper right corner to navigate back to the Table of Contents.

City of Corinth

Elected Officials



PAUL RUGGIERE
Mayor



JOE HARRISON
Mayor Pro Tem
Council Place IV



RANDY GIBBONS
Council Place I



JIM MAYFIELD
Council Place II



LOWELL JOHNSON
Council Place III



MIKE AMASON
Council Place V

Mission Statement

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

CITY OF CORINTH, TX

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended September 30, 2013



**Rick Chaffin
City Manager**

**Department of
Finance & Administrative Services**

**Lee Ann Bunselmeyer
Director of Finance**

**Caryn Riggs
Controller**

**Chris Rodriguez
Financial Services Manager**

City of Corinth, Texas
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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INTRODUCTORY SECTION



3300 Corinth Parkway · Corinth, TX · 940.498.3200

January 27, 2014

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, 2013. 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.

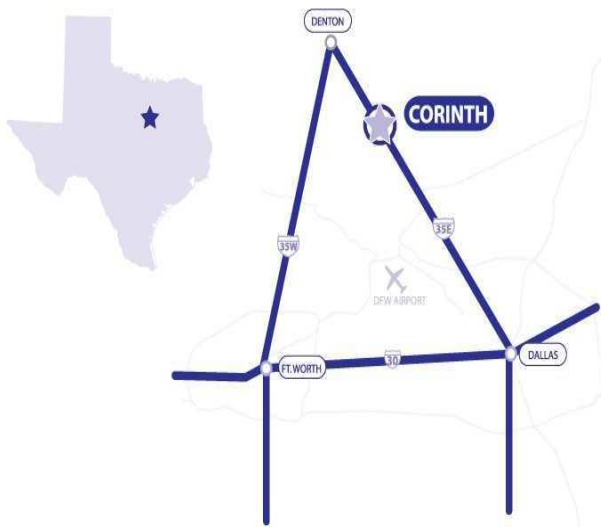
Management's discussion and analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Corinth's MD&A can be found immediately following 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, 2013, 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, 2013, 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 19,961. 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 2013. 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 5.2 percent. For the same

period the Dallas County's unemployment rate was 6.1 percent, the overall state of Texas rate was 5.8 percent and the nation as a whole was 7.6 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 2012 tax year by \$3.2 million, a .23 percent increase over the 2011 certified value.

Sales Tax Revenue, the second largest revenue source for the City's General Fund, increased by 1.9% over the prior year's receipts in FY 2012-13. For fiscal year 2013-14, 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 Account. The City is continuing to work to increase its sales tax base with the Corinth Economic Development Corporation which receives the proceeds from a ½ cent sales tax enacted in 2003. Corinth is currently focused on encouraging commercial development and providing the infrastructure required to support it. Corinth continues to draw more interest in 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.

Vehicle replacement, adequate funding for vehicle maintenance, and park improvements were the major initiatives for the City. In FY 2012-13, the City replaced one admin police vehicle, five patrol vehicles, one parks truck, and added one 16 passenger van to the recreation fleet. Two patrol officer positions and the Emergency Management Position were restored with the FY 2012-13 Budget. Additional funding was provided for the purchase of Digital Light Timers for the Baseball Fields, two electronic message boards, and a Maintenance Storage Building for the Fire Department. \$1,198,425 was transferred to the General Governmental Capital Project Fund for the future use towards capital projects and for the Community Park.

The Utility Fund includes the second year of utility rate study that was adopted by the City Council in April 2011, as well as, the funding for three capital projects.

LONG TERM FINANCIAL PLAN

The FY 2012-13 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 2013-2017 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 \$3,950,657, or 29% of annual budgeted expenditures for the General Fund and the unrestricted net assets of \$5,703,678 million or 44% for the Water and Sewer Fund for the fiscal year ended September 30, 2013.

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, 2013, the annualized yield on investments was .47 percent, compared to .49 percent for the same period in 2012. Funds available for investment at September 30, 2013 were \$16.7 million, which is a decrease of \$4.4 million from 2012. The decrease in portfolio balance is due to the expenditure of funds for the FM 2181 Utility Relocation and Westside Lift Station capital improvement projects.

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, 2012. This was the fourth 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, 2012. 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 2013 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

Rick Chaffin
City Manager

Signature Redacted

Lee Ann Bunselmeyer
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Corinth
Texas**

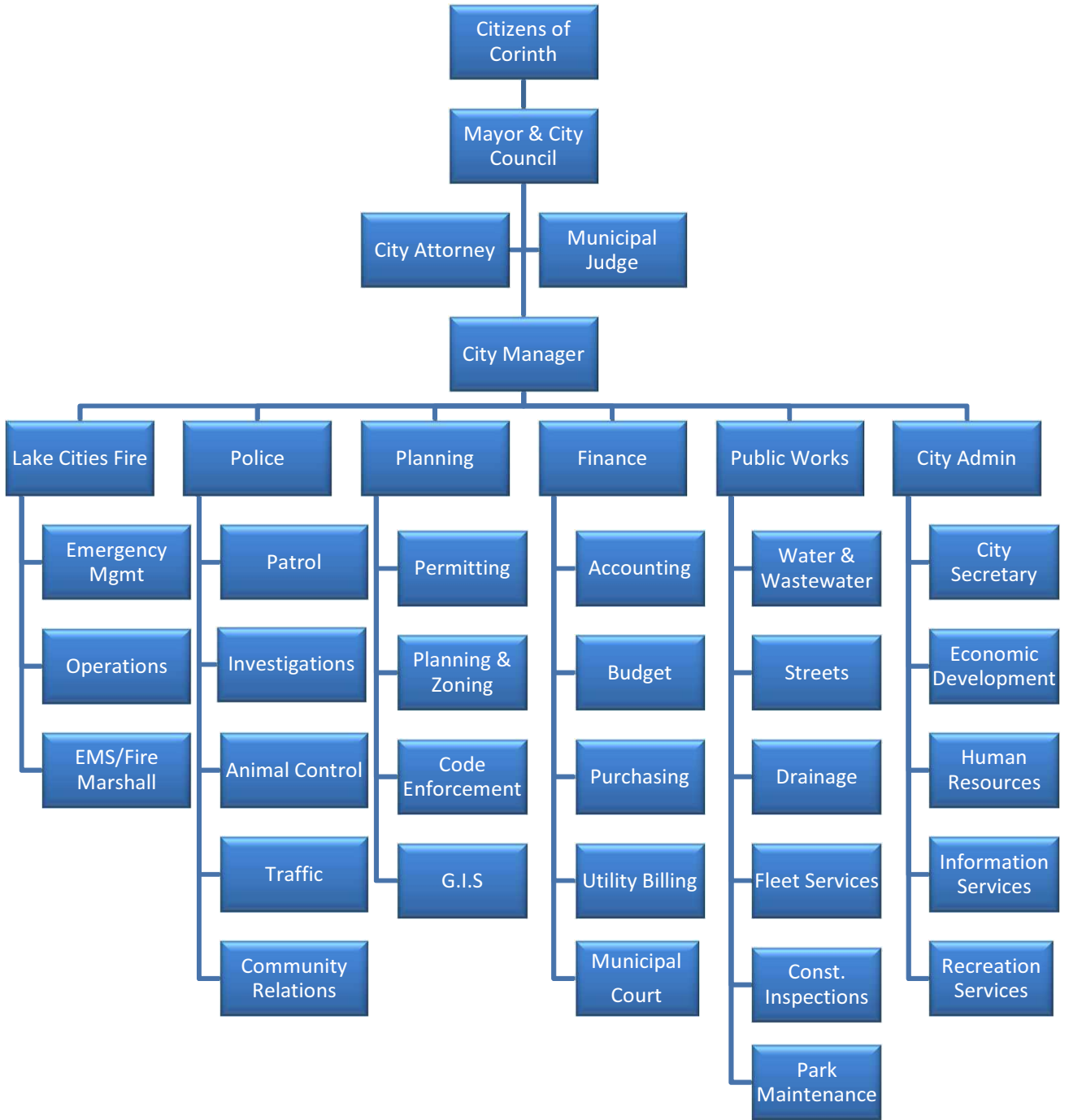
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

A handwritten signature in black ink that reads "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

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

Mike Amason
Council Place V

Appointed Officials:

Rick Chaffin
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 Walthall
Chief of Police

FINANCIAL SECTION

RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS2401 Garden Park Court, Suite B
Arlington, Texas 76013

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Corinth, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Corinth, Texas (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.def

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Corinth, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note III. K. to the financial statements, the City has adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 – 19 and 54 – 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corinth, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic 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.

Rutledge Crain & Company, PC

January 27, 2014

**CITY OF CORINTH, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

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, 2013. 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 \$75,397,131.
- The government’s total net position, decreased \$891,395 from the prior year.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$9,207,413, a decrease of \$85,618 in comparison with the prior year. Of the combined ending balances, \$3,509,508 or 38 percent is available for spending within the City’s guidelines (*unassigned fund balance*).
- The City’s unassigned fund balance for the general fund was \$3,950,657, or 30 percent of total general fund expenditures.
- The City’s long term liabilities of \$28,836,977 decreased \$2,382,515 during fiscal year 2013. 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:

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

Required Components of the City’s Annual Financial Report

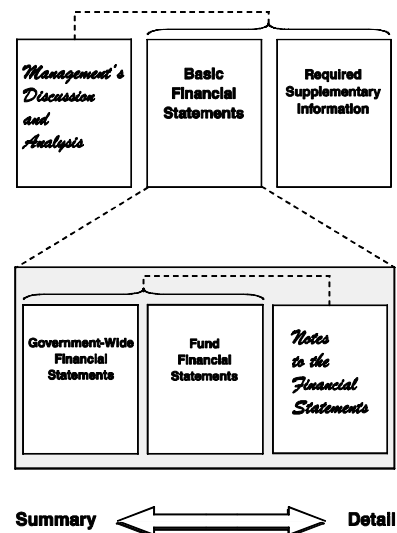


Figure 1 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

**CITY OF CORINTH, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

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

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

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

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

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

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.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$75,397,131 at the close of the most recent fiscal year.

By far the largest portion of the City of Corinth's net position (\$59,063,015 or 74%) reflects its investment in capital assets (i.e., land, buildings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Corinth uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Corinth's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (\$3,776,495 or 5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$12,557,621 or 17%) may be used to meet the City's ongoing obligations to citizens and creditors. The City currently has \$17,726,596 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, 2013**

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current and Other Assets	\$ 12,686,748	\$ 12,409,318	\$ 10,485,768	\$ 14,669,432	\$ 23,172,516	\$ 27,078,750
Capital assets	52,902,431	56,071,872	31,923,016	28,066,518	84,825,447	84,138,390
Total assets	65,589,179	68,481,190	42,408,784	42,735,950	107,997,963	111,217,140
DEFERRED OUTFLOWS OF RESOURCES						
Deferred bond insurance costs	18,759	20,475	29,198	31,604	47,957	52,079
Deferred loss from refunding	52,278	62,505	34,233	39,694	86,511	102,199
Total Deferred Outflows of Resources	71,037	82,980	63,431	71,298	134,468	154,278
LIABILITIES						
Long-term liabilities outstanding	16,586,092	18,226,660	12,250,885	12,992,829	28,836,977	31,219,489
Other liabilities	1,544,258	1,171,096	1,662,906	1,721,313	3,207,164	2,892,409
Total liabilities	18,130,350	19,397,756	13,913,791	14,714,142	32,044,141	34,111,898
DEFERRED INFLOWS OF RESOURCES						
Unearned revenues	691,159	691,159	-	-	691,159	691,159
Total Deferred Inflows of Resources	691,159	691,159	-	-	691,159	691,159
NET POSITION						
Invested in capital assets, net of related debt	37,401,599	39,028,228	21,661,416	21,823,013	59,063,015	60,851,241
Restricted	3,776,495	2,614,336	-	-	3,776,495	2,614,336
Unrestricted	5,660,613	6,832,691	6,897,008	6,270,093	12,557,621	13,102,784
Total Net Position	\$ 46,838,707	\$ 48,475,255	\$ 28,558,424	\$ 28,093,106	\$ 75,397,131	\$ 76,568,361

Note: 2012 is restated for implementation of GASB-63 and GASB-65

Government-wide activities. As shown above, including the effect of prior period adjustments, governmental activities decreased net position by \$1,636,548 business-type activities increased net position by \$465,318. A detailed examination of all the elements effecting net position can be found in Table II.

TABLE II

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 3,998,142	\$ 3,880,593	\$ 12,250,042	\$ 12,371,291	\$ 16,248,184	\$ 16,251,884
Operating grants and contributions	144,879	101,458	-	-	144,879	101,458
Capital grants and contributions	551,016	944,835	192,927	581,491	743,943	1,526,326
General revenues						
Property taxes	8,501,824	8,292,788	-	-	8,501,824	8,292,788
Sales taxes	1,728,567	1,689,889	-	-	1,728,567	1,689,889
Franchise taxes	967,846	1,065,097	-	-	967,846	1,065,097
Miscellaneous	46,677	143,809	5,145	11,738	51,822	155,547
Investment interest	49,427	63,010	42,290	59,487	91,717	122,497
Total Revenues	15,988,378	16,181,479	12,490,404	13,024,007	28,478,782	29,205,486
Expenses:						
Public safety	8,188,441	7,769,391	-	-	8,188,441	7,769,391
Community services	1,740,402	1,729,610	-	-	1,740,402	1,729,610
Public works	4,726,964	4,829,902	-	-	4,726,964	4,829,902
Planning and community development	731,234	730,829	-	-	731,234	730,829
City administration	1,631,852	1,607,926	-	-	1,631,852	1,607,926
Finance and administrative services	662,238	655,335	-	-	662,238	655,335
Interest on long-term debt	743,848	821,597	-	-	743,848	821,597
Water and wastewater	-	-	10,429,711	10,198,636	10,429,711	10,198,636
Drainage	-	-	515,487	520,098	515,487	520,098
Total Expenses	18,424,979	18,144,590	10,945,198	10,718,734	29,370,177	28,863,324
Increase (decrease) in net assets before transfers, contributions and special items	(2,436,601)	(1,963,111)	1,545,206	2,305,273	(891,395)	342,162
Special Item inflow/(Outflow)	-	(134,385)	-	134,385	-	-
Net transfers	986,679	(269,093)	(986,679)	269,093	-	-
Increase (decrease) in net assets	(1,449,922)	(2,366,589)	558,527	2,708,751	(891,395)	342,162
Net position - beginning	48,288,629	50,655,218	27,999,897	25,291,146	76,288,526	75,946,364
Net position - ending	\$ 46,838,707	\$ 48,288,629	\$ 28,558,424	\$ 27,999,897	\$ 75,397,131	\$ 76,288,526

Note: 2012 is restated for implementation of GASB-63 and GASB-65

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

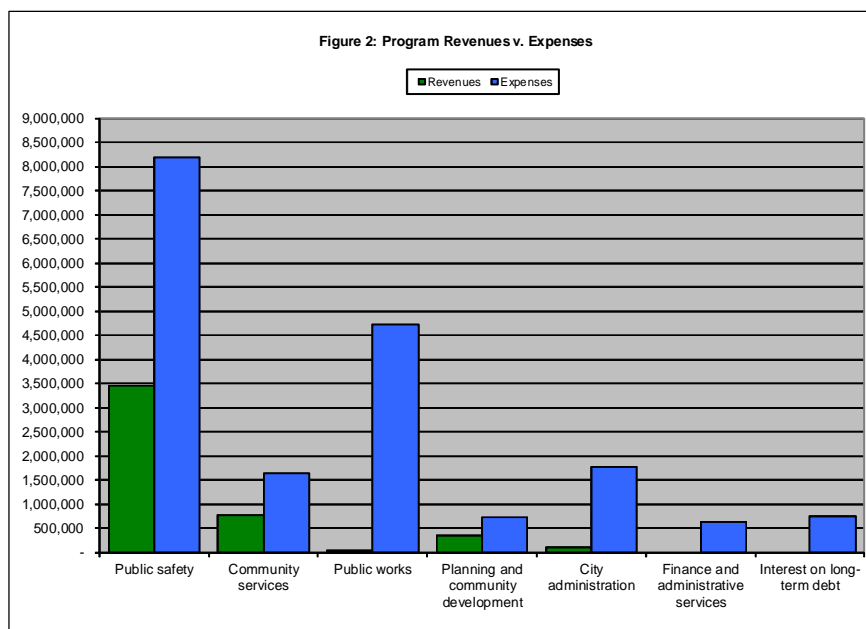
City of Corinth's Changes in Fund Balance. The City's governmental funds decreased fund balance by \$85,618. The decrease can be attributed to the use of funds in the Parks Development Fund, 2007 CO Streets fund, the 2007 CO Tech fund, and the 2010 CO Fire Fund for Capital Improvement Projects. Net position, as part of the government-wide reports, is reported on a full-accrual basis. The reconciliation between the overall decrease to governmental fund balances and the \$1,449,922 net decrease to governmental activities net position illustrates the differences in reporting between the modified accrual basis used in the funds and full-accrual used at the government-wide level.

The following are the most significant factors in the reconciliation:

- 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 position.
- 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.

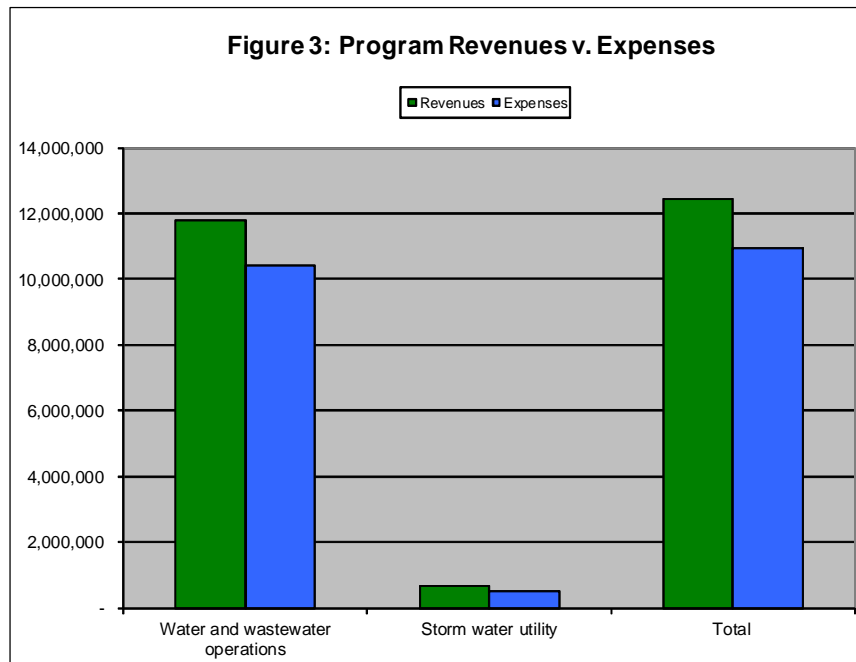
Governmental Activities. Public safety, community services, public works, and planning and community development account for 83% of the expenses for the governmental activities. City administration, finance and administrative services and interest on long-term debt account for the remaining 17% of total expenses. These expenses were funded by revenues collected from a variety of sources. Property taxes produced \$8,501,824 or 53%, Charges for services accounted for \$3,998,142 or 25%, sales taxes was \$1,728,567 or 11%, franchise taxes provided \$967,846 or 6%, and capital grants and contributions provided \$551,016 or 3% 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 expenses and any directly related revenues by source.



**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Business-type Activities. Business-type activities increased the City's net assets by \$558,527. A key element of this increase is charges for services, emerging as a major revenue source for the Water and Wastewater fund producing \$11,582,527 and Storm water utility producing \$667,215 in revenue. Charges for services account for 98% of the revenue. Contributions of assets arising from new property development within the City, totaled \$192,927 in revenue. The remaining 2% of revenue is made up of investment interest and other miscellaneous revenue.

Total operating revenue from water and wastewater sales and services was \$11,582,527; associated costs of water, wastewater treatment, and operations and maintenance accounted for \$9,941,701 of the total business-type expenses of \$10,429,711. The remaining \$515,487 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$667,215 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 \$9,207,413, a decrease of \$85,618 in comparison with the prior year. The net decrease in combined ending fund balance is due to the following: a net decrease in the general fund balance of \$1,292,582, a net decrease in the debt service fund of \$265,154, and a net increase of \$1,472,119 in other governmental funds.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

Of the combined total governmental fund balances of \$9,207,413, \$3,509,508 (38 percent) reflects *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, \$735,662, restrictions and constructions contracts, \$1,464,030. The fund balance that is designated as *committed*, \$3,286,748 represents those amounts committed to liquidate contracts or encumbrances. The fund balance amount designated as *nonspendable* is for prepaid items, \$3,813, and inventories, \$207,652.

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 \$3,950,657 while total fund balance reached \$4,162,122. 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 30 percent of total general fund expenditures, while total fund balance represents 32 percent of that same amount.

This year, in the general fund, revenues were more than expected by a total of \$4,889. Property Tax, Utility Fees, Recreation Fees, Interest Income and Miscellaneous Income were less than budget by \$38,403, \$15,530, \$41,430, \$17,823 and \$27,887, respectively. Sales Tax, Fire Services, and Charges for Services were above budget by \$46,832, \$96,640, and \$10,734, respectively. The City budgeted for no growth in fiscal year 2013. While revenues were over budget; expenditures were under budget by \$603,164. The net effect, however, at year end was a deficit of \$1,292,582 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 \$735,662, 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, TxDot Grant fund, Roadway Impact Fee fund, Governmental Capital Projects 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 \$394 more than budgeted, interest earnings were more than budgeted by \$385 and expenditures were \$48,850 less than budgeted. The budgeted use of fund balance was \$19,121, due to the increase in revenues and the decrease in expenditures, fund balance increased \$30,397.
- 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 \$11,166, interest earnings were more than budgeted by \$852 and budgeted expenditures were less than budget by \$85,260, which combined increased fund balance by \$273,287.

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 \$37,349,565 and deferred outflows of resources of \$60,275 exceeded liabilities of \$11,857,031, reporting net position of \$25,552,809. The net non-operating revenues and expenses were (\$443,797), 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 \$488,010 of interest expenses. Unrestricted net position for the water and wastewater fund increased from \$5,398,806 in fiscal year 2012 to \$5,703,678 for fiscal year 2013.

Storm water utility fund assets of \$5,059,219 and deferred outflows of resources \$3,156 exceeded liabilities of \$2,056,760, leaving total net position of \$3,000,615. Total net position increased \$44,852, unrestricted net position increased from \$871,287 to \$1,193,330. The storm water utility reported operating income of \$250,280 in fiscal year 2013. Net non-operating revenues and expenses were (\$95,330) which includes \$3,222 in interest income.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2012-13, General Fund actual expenditures (including transfers) were \$14,665,875 compared to the final budget of \$15,270,167. The \$604,292 variance was primarily due to reduced costs of \$297,458 for the city administration, \$129,032 reduced costs for Community Services, \$67,253 due to reduced costs for Planning and Community Development, reduced costs of \$53,478 for Public Safety, \$36,026 reduced costs for Public Works and \$20,937 due to reduced costs for Finance and Administrative Services. Actual revenue (including transfers) was \$13,373,293 compared to the final budget of \$13,369,870. Of the \$3,423 revenue variance, approximately \$46,832 was due to increased sales tax collection, \$96,640 for increased fire service charges, and \$10,734 for increased charges for services. 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, 2013, amounts to \$84,825,447 (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, 2013.

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,299,357	\$ 2,299,358	\$ 497,319	\$ 497,319	\$ 2,796,676	\$ 2,796,677
CIP	654,975	1,486,308	886,059	3,549,987	1,541,034	5,036,295
Buildings	4,673,553	4,531,399	100,819	107,909	4,774,372	4,639,308
Machinery and equipment	3,099,658	2,749,832	466,659	402,501	3,566,317	3,152,333
Infrastructure	42,174,888	45,004,975	29,972,160	23,508,802	72,147,048	68,513,777
Total capital assets	\$ 52,902,431	\$ 56,071,872	\$ 31,923,016	\$ 28,066,518	\$ 84,825,447	\$ 84,138,390

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 \$27,529,999 consisting of General Obligation Bonds and Certificates of Obligation. Debt reallocated among the Governmental and Business-Type Activities reflects the amount of outstanding debt related to capital projects. All debt payments were made when due. Outstanding debt decreased in fiscal year 2013 by \$2,470,001 (see Note III.H.).

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 8,682,775	\$ 8,004,950	\$ 1,467,125	\$ 1,625,050	\$ 10,149,900	\$ 9,630,000
Certificates of Obligation and Tax Notes	6,887,875	9,309,385	10,492,224	11,060,615	17,380,099	20,370,000
Total outstanding debt	\$ 15,570,650	\$ 17,314,335	\$ 11,959,349	\$ 12,685,665	\$ 27,529,999	\$ 30,000,000

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, 2013**

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 18.99 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 2012-13. 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 \$.60489 for fiscal year 2014. General operations and maintenance will receive \$.46143 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 POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Cash</i>	\$ 1,427,099	\$ 638,771	\$ 2,065,870	\$ 216,641
<i>Investments</i>	7,908,256	7,752,470	15,660,726	2,117,067
<i>Receivables (net of allowances for uncollectibles):</i>	3,139,928	1,883,586	5,023,514	126,475
<i>Inventories</i>	207,652	210,941	418,593	--
<i>Prepaid items</i>	3,813	--	3,813	--
Capital assets not being depreciated:				
<i>Land</i>	2,299,357	497,319	2,796,676	--
<i>Construction in progress</i>	654,975	886,059	1,541,034	--
Capital assets (net of accumulated depreciation):				
<i>Buildings</i>	4,673,553	100,819	4,774,372	--
<i>Machinery and equipment</i>	3,099,658	466,659	3,566,317	--
<i>Infrastructure</i>	42,174,888	29,972,160	72,147,048	--
Total Assets	<u>65,589,179</u>	<u>42,408,784</u>	<u>107,997,963</u>	<u>2,460,183</u>
DEFERRED OUTFLOWS OF RESOURCES				
<i>Bond insurance costs</i>	18,759	29,198	47,957	--
<i>Deferred loss from refunding</i>	52,278	34,233	86,511	--
Total Deferred Outflows of Resources	<u>71,037</u>	<u>63,431</u>	<u>134,468</u>	<u>--</u>
LIABILITIES				
<i>Accounts payable</i>	230,994	1,044,978	1,275,972	1,185
<i>Accrued liabilities</i>	174,896	24,770	199,666	3,542
<i>Accrued interest payable</i>	88,559	73,098	161,657	--
<i>Municipal court bonds</i>	6,298	--	6,298	--
<i>Customer meter deposits</i>	--	520,060	520,060	--
<i>Other liabilities</i>	1,043,511	--	1,043,511	2,706
Noncurrent Liabilities:				
<i>Due within one year</i>	2,224,953	855,717	3,080,670	10,113
<i>Due in more than one year</i>	14,361,139	11,395,168	25,756,307	--
Total Liabilities	<u>18,130,350</u>	<u>13,913,791</u>	<u>32,044,141</u>	<u>17,546</u>
DEFERRED INFLOWS OF RESOURCES				
<i>Unearned revenue</i>	691,159	--	691,159	--
Total Liabilities	<u>691,159</u>	<u>--</u>	<u>691,159</u>	<u>--</u>
NET POSITION				
Net Investment in Capital Assets	37,401,599	21,661,416	59,063,015	--
Restricted For:				
Debt Service	764,864	--	764,864	--
Capital Projects	3,011,631	--	3,011,631	--
Unrestricted	5,660,613	6,897,008	12,557,621	2,442,637
Total Net Position	<u>\$ 46,838,707</u>	<u>\$ 28,558,424</u>	<u>\$ 75,397,131</u>	<u>\$ 2,442,637</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:				
Governmental Activities:				
<i>Public safety</i>	\$ 8,188,441	\$ 3,316,940	\$ 130,166	\$ 4,350
<i>Community services</i>	1,740,402	312,490	2,063	453,426
<i>Public works</i>	4,726,964	25,895	--	--
<i>Planning and community development</i>	731,234	342,817	--	--
<i>City administration</i>	1,631,852	--	12,650	93,240
<i>Finance and administrative services</i>	662,238	--	--	--
<i>Interest on long-term debt</i>	743,848	--	--	--
Total Governmental Activities	18,424,979	3,998,142	144,879	551,016
Business-type Activities:				
Water and Sewer	10,429,711	11,582,827	--	192,927
Storm Drainage	515,487	667,215	--	--
Total Business-type Activities	10,945,198	12,250,042	--	192,927
Total Primary Government	\$ 29,370,177	\$ 16,248,184	\$ 144,879	\$ 743,943
COMPONENT UNIT:				
Economic Development Corporation	\$ 766,209	\$ --	\$ --	\$ --
General Revenues:				
<i>Property taxes</i>				
<i>Sales taxes</i>				
<i>Franchise taxes</i>				
<i>Miscellaneous income</i>				
<i>Unrestricted investment earnings</i>				
<i>Gain on sale of capital assets</i>				
<i>Transfers</i>				
Total General Revenues and Transfers				
Change in Net Assets				
Net Position - Beginning				
Prior Period Adjustment				
Net Position - Ending				

The accompanying notes are an integral part of this statement.

EXHIBIT A-2

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,736,985)		\$ (4,736,985)	
(972,423)		(972,423)	
(4,701,069)		(4,701,069)	
(388,417)		(388,417)	
(1,525,962)		(1,525,962)	
(662,238)		(662,238)	
(743,848)		(743,848)	
(13,730,942)		(13,730,942)	
--	\$ 1,346,043	1,346,043	
--	151,728	151,728	
--	1,497,771	1,497,771	
(13,730,942)	1,497,771	(12,233,171)	
			\$ (766,209)
8,501,824	--	8,501,824	--
1,728,567	--	1,728,567	570,929
967,846	--	967,846	--
38,121	5,145	43,266	--
49,427	42,290	91,717	8,746
8,556	--	8,556	--
986,679	(986,679)	--	--
12,281,020	(939,244)	11,341,776	579,675
(1,449,922)	558,527	(891,395)	(186,534)
48,412,750	28,053,411	76,466,161	2,629,171
(124,121)	(53,514)	(177,635)	--
\$ 46,838,707	\$ 28,558,424	\$ 75,397,131	\$ 2,442,637

EXHIBIT A-3

CITY OF CORINTH, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
<i>Cash</i>	\$ 4,114	\$ 3,174	\$ 1,419,812	\$ 1,427,100
<i>Investments</i>	3,685,252	730,860	3,492,144	7,908,256
Receivables (net of allowances for uncollectibles):				
<i>Property taxes</i>	53,834	17,458	--	71,292
<i>Sales taxes</i>	238,932	--	103,650	342,582
<i>Accounts</i>	58,153	13,241	--	71,394
<i>Interest</i>	7,193	531	2,228	9,952
<i>Warrants</i>	2,051,009	--	--	2,051,009
<i>Ambulance</i>	103,442	--	--	103,442
<i>Miscellaneous</i>	321,296	--	22,978	344,274
<i>Due from other governments</i>	145,983	--	--	145,983
<i>Inventories</i>	207,652	--	--	207,652
<i>Prepaid items</i>	3,813	--	--	3,813
Total Assets	<u>\$ 6,880,673</u>	<u>\$ 765,264</u>	<u>\$ 5,040,812</u>	<u>\$ 12,686,749</u>
LIABILITIES				
<i>Accounts payable</i>	\$ 209,042	\$ 400	\$ 21,552	\$ 230,994
<i>Accrued liabilities</i>	170,918	--	3,978	174,896
<i>Municipal court bonds</i>	6,298	--	--	6,298
<i>Other liabilities</i>	1,029,017	--	14,494	1,043,511
Total Liabilities	<u>1,415,275</u>	<u>400</u>	<u>40,024</u>	<u>1,455,699</u>
DEFERRED INFLOWS OF RESOURCES				
<i>Deferred revenue</i>	1,303,276	29,202	691,159	2,023,637
Total Deferred Inflows of Resources	<u>1,303,276</u>	<u>29,202</u>	<u>691,159</u>	<u>2,023,637</u>
FUND BALANCES				
<i>Nonspendable</i>	211,465	--	--	211,465
<i>Restricted</i>	--	735,662	1,464,030	2,199,692
<i>Committed</i>	--	--	3,286,748	3,286,748
<i>Unassigned</i>	3,950,657	--	(441,149)	3,509,508
Total Fund Balances	<u>4,162,122</u>	<u>735,662</u>	<u>4,309,629</u>	<u>9,207,413</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,880,673</u>	<u>\$ 765,264</u>	<u>\$ 5,040,812</u>	<u>\$ 12,686,749</u>

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 POSITION
SEPTEMBER 30, 2013*

Total fund balances - governmental funds balance sheet	\$ 9,207,413
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	52,902,432
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	65,651
Payables for bond principal which are not due in the current period are not reported in the funds.	(15,691,681)
Payables for bond interest which are not due in the current period are not reported in the funds.	(88,559)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(842,133)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	18,759
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	1,102,736
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	103,442
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	13,390
Accounts receivable unavailable to pay current period expenditures are deferred in funds	<u>47,257</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 46,838,707</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

CITY OF CORINTH, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
<i>Property</i>	\$ 6,497,540	\$ 2,016,544	\$ --	\$ 8,514,084
<i>Sales</i>	1,154,783	--	528,961	1,683,744
<i>Hotel occupancy tax</i>	--	--	44,823	44,823
<i>Franchise</i>	967,846	--	--	967,846
<i>Escrow and impact fees</i>	--	--	25,895	25,895
<i>Utility fees</i>	720	--	--	720
<i>Traffic fines and forfeitures</i>	644,639	--	29,592	674,231
<i>Development fees & permits</i>	256,032	--	--	256,032
<i>Police fees & permits</i>	25,231	--	24,433	49,664
<i>Parks & recreation fees</i>	246,040	--	213	246,253
<i>Fire services</i>	2,258,016	--	28,725	2,286,741
<i>Donations</i>	350	--	477,499	477,849
<i>Grants</i>	--	--	7,338	7,338
<i>Interest income</i>	27,377	5,457	16,594	49,428
<i>Miscellaneous income</i>	67,763	--	123,086	190,849
<i>Charges for services</i>	341,167	--	--	341,167
Total revenues	<u>12,487,504</u>	<u>2,022,001</u>	<u>1,307,159</u>	<u>15,816,664</u>
Expenditures:				
Current:				
<i>Public safety</i>	7,692,292	--	701,184	8,393,476
<i>Community services</i>	1,695,337	--	418,574	2,113,911
<i>Public works</i>	846,852	--	31,995	878,847
<i>Planning and community development</i>	696,458	--	30,791	727,249
<i>City administration</i>	1,450,262	--	141,498	1,591,760
<i>Finance and administrative services</i>	655,646	--	--	655,646
<i>Capital Outlay</i>	--	--	27,648	27,648
Debt Service:				
<i>Principal</i>	--	1,743,686	--	1,743,686
<i>Interest</i>	--	751,757	4,981	756,738
Total Expenditures	<u>13,036,847</u>	<u>2,495,443</u>	<u>1,356,671</u>	<u>16,888,961</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(549,343)</u>	<u>(473,442)</u>	<u>(49,512)</u>	<u>(1,072,297)</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	885,789	208,287	1,879,758	2,973,834
<i>Transfers out</i>	(1,629,028)	--	(358,127)	(1,987,155)
Total Other Financing Sources (Uses)	<u>(743,239)</u>	<u>208,287</u>	<u>1,521,631</u>	<u>986,679</u>
Net Change in Fund Balances	(1,292,582)	(265,155)	1,472,119	(85,618)
Fund Balances - Beginning	<u>5,454,704</u>	<u>1,000,817</u>	<u>2,837,510</u>	<u>9,293,031</u>
Fund Balances - Ending	<u>\$ 4,162,122</u>	<u>\$ 735,662</u>	<u>\$ 4,309,629</u>	<u>\$ 9,207,413</u>

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, 2013*

Net change in fund balances - total governmental funds	\$ (85,618)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	(3,174,403)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	4,960
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(10,067)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,743,686
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	(1,716)
The accretion of interest on capital appreciation bonds is not reported in the funds.	14,606
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(118,172)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	136,842
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	<u>39,961</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (1,449,922)</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
SEPTEMBER 30, 2013

	Enterprise Fund Water and Sewer Fund	Enterprise Fund Storm Drainage Fund	Total Enterprise Funds
ASSETS			
Current Assets:			
<i>Cash</i>	\$ 441,355	\$ 197,416	\$ 638,771
<i>Investments</i>	6,803,665	948,805	7,752,470
Receivables (net of allowances for uncollectibles):			
<i>Accounts</i>	1,792,411	78,188	1,870,599
<i>Interest</i>	11,397	--	11,397
<i>Miscellaneous</i>	1,563	27	1,590
<i>Inventories</i>	201,447	9,494	210,941
Total Current Assets	<u>9,251,838</u>	<u>1,233,930</u>	<u>10,485,768</u>
NONCURRENT ASSETS			
Capital Assets:			
<i>Land</i>	485,319	12,000	497,319
<i>Construction in progress</i>	886,059	--	886,059
<i>Buildings</i>	229,633	--	229,633
<i>Machinery and equipment</i>	1,256,431	266,632	1,523,063
<i>Infrastructure</i>	35,940,628	4,495,045	40,435,673
<i>Less accumulated depreciation</i>	(10,700,343)	(948,388)	(11,648,731)
Total Capital Assets (net of accumulated depreciation)	<u>28,097,727</u>	<u>3,825,289</u>	<u>31,923,016</u>
Total Assets	<u>37,349,565</u>	<u>5,059,219</u>	<u>42,408,784</u>
DEFERRED OUTFLOWS OF RESOURCE S			
<i>Bond insurance costs</i>	26,042	3,156	29,198
<i>Deferred loss from refunding</i>	34,233	--	34,233
Total Deferred Outflows of Resources	<u>60,275</u>	<u>3,156</u>	<u>63,431</u>
LIABILITIES			
CURRENT LIABILITIES			
<i>Accounts payable</i>	1,042,248	2,730	1,044,978
<i>Accrued liabilities</i>	22,358	2,412	24,770
<i>Accrued interest payable</i>	60,639	12,459	73,098
<i>Customer meter deposits</i>	520,060	--	520,060
<i>Compensated absences - current</i>	80,666	4,002	84,668
<i>Current portion of general obligation bonds</i>	657,815	113,234	771,049
Total Current Liabilities	<u>2,383,786</u>	<u>134,837</u>	<u>2,518,623</u>
NONCURRENT LIABILITIES			
<i>General obligation bonds</i>	9,473,245	1,921,923	11,395,168
Total Noncurrent Liabilities	<u>9,473,245</u>	<u>1,921,923</u>	<u>11,395,168</u>
Total Liabilities	<u>11,857,031</u>	<u>2,056,760</u>	<u>13,913,791</u>
NET POSITION:			
<i>Net investment in capital assets</i>	19,849,131	1,812,285	21,661,416
<i>Unrestricted net position</i>	5,703,678	1,193,330	6,897,008
Total Net Position	<u>\$ 25,552,809</u>	<u>\$ 3,005,615</u>	<u>\$ 28,558,424</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Enterprise Fund Water and Sewer Fund	Enterprise Fund Storm Drainage Fund	Total Enterprise Funds
OPERATING REVENUES:			
<i>Water sales</i>	\$ 5,980,715	\$ --	\$ 5,980,715
<i>Sewer disposal</i>	4,435,132	--	4,435,132
<i>Storm drainage fees</i>	--	667,215	667,215
<i>Garbage</i>	855,588	--	855,588
<i>Penalties and reconnect fees</i>	201,474	--	201,474
<i>Tap fees</i>	51,535	--	51,535
<i>Service fees</i>	46,068	--	46,068
<i>Inspections</i>	12,315	--	12,315
Total Operating Revenues	11,582,827	667,215	12,250,042
OPERATING EXPENSES:			
<i>Wages & benefits</i>	1,316,776	139,221	1,455,997
<i>Professional services and contracts</i>	1,697,626	21,857	1,719,483
<i>Maintenance and operations</i>	392,118	8,134	400,252
<i>Supplies</i>	71,416	6,504	77,920
<i>Utilities and communication</i>	4,964,912	3,633	4,968,545
<i>Vehicles/equipment and fuel</i>	85,860	16,047	101,907
<i>Travel and training</i>	15,255	911	16,166
<i>Capital outlay</i>	43,646	--	43,646
<i>Amortization</i>	2,171	235	2,406
<i>Depreciation</i>	1,351,921	220,393	1,572,314
Total Operating Expenses	9,941,701	416,935	10,358,636
Operating Income	1,641,126	250,280	1,891,406
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest income</i>	39,068	3,222	42,290
<i>Miscellaneous income (expense)</i>	5,145	--	5,145
<i>Interest expense</i>	(488,010)	(98,552)	(586,562)
Total Non-operating Revenues (Expenses)	(443,797)	(95,330)	(539,127)
Income Before Special Items, Contributions and Transfers	1,197,329	154,950	1,352,279
CONTRIBUTIONS AND TRANSFERS			
<i>Special assessment - water and sewer impact fees</i>	68,595	--	68,595
<i>Contributions</i>	124,332	--	124,332
<i>Transfers in</i>	180,137	--	180,137
<i>Transfers out</i>	(1,056,718)	(110,098)	(1,166,816)
Total Contributions and Transfers	(683,654)	(110,098)	(793,752)
Change in Net Assets	513,675	44,852	558,527
Net Position - Beginning	25,082,243	2,971,168	28,053,411
Prior Period Adjustment	(43,109)	(10,405)	(53,514)
Net Position - Ending	\$ 25,552,809	\$ 3,005,615	\$ 28,558,424

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, 2013

	Enterprise Funds		
	Water and Sewer Fund	Storm Water Utility	Totals
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ 11,574,726	\$ 666,687	\$ 12,241,413
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(7,376,077)	(62,308)	(7,438,385)
<i>Cash Payments to Employees for Services</i>	(1,390,121)	(137,497)	(1,527,618)
Net Cash Provided (Used) by Operating Activities	<u>2,808,528</u>	<u>466,882</u>	<u>3,275,410</u>
Cash Flows from Non-capital Financing Activities:			
<i>Transfers From (To) Other Funds</i>	(876,581)	(110,098)	(986,679)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(876,581)</u>	<u>(110,098)</u>	<u>(986,679)</u>
Cash Flows from Capital and Related Financing Activities:			
<i>Principal and Interest Paid</i>	(1,046,526)	(206,595)	(1,253,121)
<i>Acquisition or Construction of Capital Assets</i>	(5,303,252)	(1,228)	(5,304,480)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(6,349,778)</u>	<u>(207,823)</u>	<u>(6,557,601)</u>
Cash Flows from Investing Activities:			
<i>Interest and Dividends on Investments</i>	42,872	3,222	46,094
Net Cash Provided (Used) for Investing Activities	<u>42,872</u>	<u>3,222</u>	<u>46,094</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,374,959)	152,183	(4,222,776)
Cash and Cash Equivalents at Beginning of Year	11,619,979	994,038	12,614,017
Cash and Cash Equivalents at End of Year	<u>\$ 7,245,020</u>	<u>\$ 1,146,221</u>	<u>\$ 8,391,241</u>
Summary of Cash and Cash Equivalents			
Cash	\$ 441,355	\$ 197,416	\$ 638,771
Investments	6,803,665	948,805	7,752,470
	<u>\$ 7,245,020</u>	<u>\$ 1,146,221</u>	<u>\$ 8,391,241</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating Income (Loss)	\$ 1,641,126	\$ 250,280	\$ 1,891,406
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
<i>Depreciation and Amortization</i>	1,351,921	220,393	1,572,314
<i>Impact Fees</i>	68,595	--	68,595
<i>Miscellaneous Income (expense)</i>	5,145	--	5,145
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	(101,707)	(554)	(102,261)
<i>Decrease (Increase) in Inventories</i>	12,951	(7,356)	5,595
<i>Increase (Decrease) in Accounts Payable</i>	(119,394)	2,243	(117,151)
<i>Increase (Decrease) in Accrued Wages Payable</i>	3,371	153	3,524
<i>Increase (Decrease) in Customer Deposits</i>	19,865	--	19,865
<i>Increase (Decrease) in Compensated Absences</i>	(73,345)	1,723	(71,622)
Total Adjustments	<u>1,167,402</u>	<u>216,602</u>	<u>1,384,004</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,808,528</u>	<u>\$ 466,882</u>	<u>\$ 3,275,410</u>
Noncash Investing, Capital, and Financing Activities:			
<i>Developer contributions</i>	\$ 124,332	\$ --	\$ 124,332

The accompanying notes are an integral part of this statement.

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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 operational or capital requirements of a particular function or segment. Taxes or other items not properly included among program revenues are reported as general revenues.

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

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.

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.

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.

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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 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.

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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.

CITY OF CORINTH
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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.

CITY OF CORINTH
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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, 2013, a fund deficit of \$441,149 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, 2013, the City's carrying amount of demand deposits was \$2,282,515 (including \$216,641 in the discrete component unit) while the bank balance was \$2,654,495. 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 depositors 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.

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The City did not engage in repurchase or reverse repurchase agreement transactions during the year. The City's investments were as follows on September 30, 2013:

	Carrying Amount	Fair Value	WAM	Rating (S&P)
TexStar	\$ 2,029,718	\$ 2,029,718	<60 days	AAAm
TexPool	413,087	413,087	<60 days	AAAm
US Federal Agency Securities				
Coupon	3,859,036	3,866,683		AA+
Callable	3,500,277	3,491,711		AA+
Money Market	5,858,608	5,858,608		
	15,660,726	15,659,807		
Corinth Economic Development Corp. Type (B)				
TexPool	469,723	469,723	<60 days	AAAm
US Federal Agency Securities				
Coupon	1,547,301	1,547,186		AA+
Money Market	100,043	100,043		
	2,117,067	2,116,952		
Total	\$ 17,777,793	\$ 17,776,759		

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 & Poors. 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 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

CITY OF CORINTH
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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	\$ 53,834	\$ 17,458	\$ -	\$ -	\$ -	\$ 71,292
Sales	238,932	-	103,650	-	-	342,582
Accounts	58,153	13,241	-	2,111,292	79,198	2,261,884
Interest	7,193	531	2,227	11,397	-	21,348
Warrants	2,709,350	-	-	-	-	2,709,350
Ambulance	579,539	-	-	-	-	579,539
Miscellaneous	321,296	-	22,978	1,563	27	345,864
Due from other governments	145,983	-	-	-	-	145,983
Gross Receivables	4,114,280	31,230	128,855	2,124,252	79,225	6,477,842
LESS: Allowance for uncollectibles	(1,134,437)	-	-	(318,881)	(1,010)	(1,454,328)
Net total receivables	\$ 2,979,843	\$ 31,230	\$ 128,855	\$ 1,805,371	\$ 78,215	\$ 5,023,514

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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)	\$ 49,838	\$ -
Municipal court fines receivable (General Fund)	1,102,736	-
Ambulance revenue receivable (General Fund)	103,442	-
Other receivables (General Fund)	47,260	-
Delinquent property taxes receivable (Debt Service Fund)	15,812	-
Other receivables (Debt Service Fund)	13,390	-
Assessments receivable not yet due (Street Improvements Fund)	691,159	691,159
Total deferred/unearned revenue for governmental funds	\$ 2,023,637	\$ 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, 2013 was as follows:

	Governmental Activities:				
	Balance 9/30/2012	Additions	Deletions	Transfers and Adjustments	Balance 9/30/2013
Capital assets, not being depreciated:					
Land	\$ 2,299,357	\$ -	\$ -	\$ -	\$ 2,299,357
Construction in progress	1,486,307	122,330	-	(953,662)	654,975
Totals, capital assets not being depreciated	3,785,664	122,330	-	(953,662)	2,954,332
Capital assets, being depreciated:					
Buildings	6,173,421	325,056	-	-	6,498,477
Machinery and equipment	6,397,629	989,201	(230,183)	-	7,156,647
Infrastructure	91,420,444	-	-	953,662	92,374,106
Totals, capital assets being depreciated	103,991,494	1,314,257	(230,183)	953,662	106,029,230
Less: accumulated depreciation for:					
Buildings	(1,642,023)	(182,901)	-	-	(1,824,924)
Machinery and equipment	(3,647,795)	(639,357)	230,163	-	(4,056,989)
Infrastructure	(46,415,468)	(3,783,750)	-	-	(50,199,218)
Total accumulated depreciation	(51,705,286)	(4,606,008)	230,163	-	(56,081,131)
Total capital assets, being depreciated, net	52,286,208	(3,291,751)	(20)	953,662	49,948,099
Capital assets, net	\$ 56,071,872	\$ (3,169,421)	\$ (20)	\$ -	\$ 52,902,431

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

Governmental Activities	
Public safety	\$ 442,466
Community services	110,504
Public works	3,840,903
Planning & community development	6,454
City administration	205,131
Finance and administrative services	550
Total depreciation expense - governmental activities	<u>\$ 4,606,008</u>

Business-type activities:

	Balance 9/30/2012	Additions	Deletions	Transfers and Adjustments	Balance 9/30/2013
Capital assets, not being depreciated:					
Land	\$ 497,319	\$ -	\$ -	\$ -	\$ 497,319
Construction in progress	3,549,987	4,742,121	-	(7,406,049)	886,059
Totals, capital assets not being depreciated	<u>4,047,306</u>	<u>4,742,121</u>	<u>-</u>	<u>(7,406,049)</u>	<u>1,383,378</u>
Capital assets, being depreciated:					
Buildings	229,633	-	-	-	229,633
Machinery and equipment	1,357,703	89,655	-	75,705	1,523,063
Infrastructure	32,508,294	597,036	-	7,330,344	40,435,674
Totals, capital assets being depreciated	<u>34,095,630</u>	<u>686,691</u>	<u>-</u>	<u>7,406,049</u>	<u>42,188,370</u>
Less: accumulated depreciation for:					
Buildings	(121,724)	(7,090)	-	-	(128,814)
Machinery and equipment	(955,202)	(101,202)	-	-	(1,056,404)
Infrastructure	(8,999,492)	(1,464,022)	-	-	(10,463,514)
Total accumulated depreciation	<u>(10,076,418)</u>	<u>(1,572,314)</u>	<u>-</u>	<u>-</u>	<u>(11,648,732)</u>
Total capital assets, being depreciated, net	<u>24,019,212</u>	<u>(885,623)</u>	<u>-</u>	<u>7,406,049</u>	<u>30,539,638</u>
Capital assets, net	<u>\$ 28,066,518</u>	<u>\$ 3,856,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,923,016</u>

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

Business-type Activities	
Water and sewer	\$ 1,351,921
Storm water utility	220,393
Total depreciation expense - business-type activities	<u>\$ 1,572,314</u>

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

F. Construction and other significant commitments

The City has active construction commitments as of September 30, 2013. 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
FM 2181 UTILITY RELOCATION	\$ 4,661,103	\$ -	\$ 4,661,103
WESTSIDE LS EXPANSION	2,343,777	-	2,343,777
REPLACE TECHNOLOGICAL INFRASTRUCTURE	681,495	9,005	690,500
PLANNING & PERMITING	106,514	25,396	131,910
1.5 MG GROUND STORAGE TANK	103,225	1,396,775	1,500,000
TOTAL	<u>\$ 7,896,114</u>	<u>\$ 1,431,176</u>	<u>\$ 9,327,290</u>

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.

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

The following is a summary of long-term debt as of September 30, 2013:

Description	September 30, 2012	Additions	Retirements	September 30, 2013	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 8,004,950	\$ -	\$ (1,117,075)	\$ 6,887,875	\$ 1,149,875
Certificates of obligation	9,309,385	-	(626,610)	8,682,775	660,775
	17,314,335	-	(1,743,685)	15,570,650	1,810,650
Bond premiums/discounts (net)	188,366	-	(15,057)	173,309	15,056
Total bonds payable	17,502,701	-	(1,758,742)	15,743,959	1,825,706
Compensated absences	723,961	249,391	(131,219)	842,133	399,247
	<u>\$ 18,226,662</u>	<u>\$ 249,391</u>	<u>\$ (1,889,961)</u>	<u>\$ 16,586,092</u>	<u>\$ 2,224,953</u>
Business-type activities:					
General obligation bonds	\$ 1,625,050	\$ -	\$ (157,925)	\$ 1,467,125	\$ 160,125
Certificates of obligation	11,060,615	-	(568,391)	10,492,224	594,224
	12,685,665	-	(726,316)	11,959,349	754,349
Bond premiums/discounts (net)	223,568	-	(16,700)	206,868	16,700
Total bonds payable	12,909,233	-	(743,016)	12,166,217	771,049
Compensated absences	83,597	145,634	(144,563)	84,668	84,668
	<u>\$ 12,992,830</u>	<u>\$ 145,634</u>	<u>\$ (887,579)</u>	<u>\$ 12,250,885</u>	<u>\$ 855,717</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, 2013:

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%	\$ 420,000	
Infrastructure	2,000,000	2001	2016	125,000	5.00% - 4.80%	355,000	
Refunding	5,080,000	2005	2020	538,000	4.00% - 4.25%	2,437,500	\$ 687,500
Refunding	5,250,000	2007	2020	587,000	3.78% - 4.25%	3,675,375	779,625
						<u>6,887,875</u>	<u>1,467,125</u>
CERTIFICATES OF OBLIGATION							
Equipment and infrastructure	23,630,000	2007	2027	1,821,000	4.375% - 5.25%	7,782,775	10,492,224
Equipment	1,500,000	2010	2020	172,000	1.95% - 4.05%	900,000	
						<u>8,682,775</u>	<u>10,492,224</u>
						<u>\$ 15,570,650</u>	<u>\$ 11,959,349</u>

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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
2014	\$ 1,149,875	\$ 263,652	\$ 160,125	\$ 57,378
2015	1,126,500	216,180	243,500	49,275
2016	1,168,175	169,223	251,825	39,331
2017	1,167,150	121,146	277,850	28,508
2018	1,219,650	71,244	290,350	16,608
2019 - 2021	1,056,525	44,007	243,475	10,164
Total	\$ 6,887,875	\$ 885,451	\$ 1,467,125	\$ 201,263

Certificates of Obligation:

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
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	548,362	297,703	651,638	392,107
2019 - 2023	2,908,155	1,097,064	3,731,845	1,471,393
2023 - 2027	2,783,061	301,668	3,751,938	406,689
Total	\$ 8,682,775	\$ 3,153,851	\$ 10,492,224	\$ 4,133,830

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, 2013

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		Other Governmental Funds	Total
Fund Balances (Deficit):					
Nonspendable:					
Inventory	\$ 207,652	\$ -	\$ -	\$ -	\$ 207,652
Prepaid items	3,813	-	-	-	3,813
Restricted for:					
Debt service	-	735,662	-	-	735,662
Child Safety	-	-	-	19,883	19,883
Municipal Court Security	-	-	-	2,648	2,648
Municipal Court Technology	-	-	-	31,398	31,398
Public Safety	-	-	-	180,302	180,302
Street Maintenance	-	-	-	1,216,203	1,216,203
Tourism	-	-	-	13,596	13,596
Committed to:					
Beautify & Preserve the Community	-	-	-	29,066	29,066
Capital Projects	-	-	-	2,405,916	2,405,916
Fire Safety	-	-	-	22,388	22,388
Insurance Claims	-	-	-	212,936	212,936
Park Development	-	-	-	4,157	4,157
Public Safety	-	-	-	8,676	8,676
Recreation Donatons	-	-	-	2,170	2,170
Recreation Scholarships	-	-	-	52	52
Vehicle & Equipment Replacements	-	-	-	601,387	601,387
Unassigned:	3,950,657	-	-	(441,149)	3,509,508
	\$ 4,162,122	\$ 735,662	\$ -	\$ 4,309,629	\$ 9,207,413

J. Interfund transfers

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

	Transfers from other funds	Transfers to other funds
General Fund	\$ 885,789	\$ (1,629,028)
Debt Service Fund	208,287	-
Nonmajor governmental funds	1,879,758	(358,127)
Water and Wastewater Fund	180,137	(1,056,718)
Storm Water Utility Fund	-	(110,098)
	\$ 3,153,971	\$ (3,153,971)

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, 2013

K. Implementation of new GASB Accounting Standards/Reclassification/Restatement of Prior Year Amounts

The City has implemented new GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Under GASB-63, amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred outflows of resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources. Under GASB-65, bond issue costs (excluding bond insurance) are recognized as expenses in the period incurred rather than as assets to be amortized.

Government-wide financial statements - the reclassification required by GASB-63 reports \$18,759 and \$29,198 of bond issue insurance for governmental and business-type activities, respectively, as deferred outflows of resources.

Deferred amounts from refunding have been reclassified as deferred outflows of resources in accordance with GASB Statement No. 65 - \$106,134 and \$42,253 for governmental and business-type activities.

The effect of the restatement follows:

Description	Governmental Activities	Business-type Activities
Net assets/net position - as reported 9/30/12	<u>\$ 48,412,750</u>	<u>\$ 28,053,412</u>
Adjustments:		
Deferred charges/deferred outflows of resources	(124,121)	(53,514)
Net assets/net position - as restated 9/30/12	<u>\$ 48,288,629</u>	<u>\$ 27,999,898</u>

IV. OTHER INFORMATION

A. Upper Trinity Regional Water District (UTRWD)

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

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

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

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

B. Employee retirement systems and pension plans

The City participates in the Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

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

	Plan Year 2011	Plan Year 2012	Plan Year 2013
Employee deposit rate:	7%	7%	7%
Matching ratio (employer to employee):	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100%, Repeating, Transfers	100%, Repeating, Transfers	100%, Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating	70% of CPI Repeating	70% of CPI Repeating

Contributions

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

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)	\$ 1,089,509
Interest on Net Pension Obligation	-
Adjustment to the ARC	-
Annual Pension Cost:	1,089,509
Contributions Made	189,509
Increase (Decrease) in Net Pension Obligation	-
Net Pension Obligation (Asset) , Beginning of Year	-
Net Pension Obligation (Asset) , End of Year	\$ -

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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)
2011	\$ 1,027,082	\$ 1,027,082	100%	\$ -
2012	\$ 1,009,090	\$ 1,009,090	100%	\$ -
2013	\$ 1,089,509	\$ 1,089,509	100%	\$ -

Funded status and funding progress

As of December 31, 2012, 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
12/31/2010	\$ 14,283,597	\$ 19,953,457	71.6%	\$ 5,669,860	\$ 7,858,831	72.1%

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

The ARC for fiscal year 2013 was determined as part of the December 31, 2010 and 2011 actuarial valuations.

Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	27.5 years; closed period	26.4 years; closed period	25.4 years; closed period
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Amortization Period for New Gains/Losses	30 Years	30 Years	30 Years
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Actuarial Assumptions:			
Includes Inflation at Cost-of-Living Assumptions	3.00% 2.1%	3.00% 2.1%	3.00% 2.1%

CITY OF CORINTH
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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.

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.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORINTH, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>Property</i>	\$ 6,535,943	\$ 6,535,943	\$ 6,497,540	\$ (38,403)
<i>Sales</i>	1,107,951	1,107,951	1,154,783	46,832
<i>Franchise</i>	968,915	968,915	967,846	(1,069)
<i>Utility fees</i>	16,250	16,250	720	(15,530)
<i>Traffic fines and forfeitures</i>	647,577	647,577	644,639	(2,938)
<i>Development fees & permits</i>	259,650	259,650	256,032	(3,618)
<i>Police fees & permits</i>	26,200	26,200	25,231	(969)
<i>Parks & recreation fees</i>	287,470	287,470	246,040	(41,430)
<i>Fire services</i>	2,161,376	2,161,376	2,258,016	96,640
<i>Donations</i>	--	--	350	350
<i>Interest income</i>	45,200	45,200	27,377	(17,823)
<i>Miscellaneous income</i>	95,650	95,650	67,763	(27,887)
<i>Charges for services</i>	306,003	330,433	341,167	10,734
Total revenues	<u>12,458,185</u>	<u>12,482,615</u>	<u>12,487,504</u>	<u>4,889</u>
Expenditures:				
Current:				
<i>Public safety</i>	7,796,340	7,745,770	7,692,292	53,478
<i>Community services</i>	1,856,997	1,824,369	1,695,337	129,032
<i>Public works</i>	901,378	882,878	846,852	36,026
<i>Planning and community development</i>	786,211	763,711	696,458	67,253
<i>City administration</i>	1,667,473	1,747,720	1,450,262	297,458
<i>Finance and administrative services</i>	675,313	675,563	655,646	19,917
Total Expenditures	<u>13,683,712</u>	<u>13,640,011</u>	<u>13,036,847</u>	<u>603,164</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,225,527)</u>	<u>(1,157,396)</u>	<u>(549,343)</u>	<u>608,053</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	887,255	887,255	885,789	(1,466)
<i>Transfers out</i>	<u>(1,255,603)</u>	<u>(1,630,156)</u>	<u>(1,629,028)</u>	<u>1,128</u>
Total Other Financing Sources (Uses)	<u>(368,348)</u>	<u>(742,901)</u>	<u>(743,239)</u>	<u>(338)</u>
Net Change in Fund Balances	(1,593,875)	(1,900,297)	(1,292,582)	607,715
Fund Balances - Beginning	<u>5,454,704</u>	<u>5,454,704</u>	<u>5,454,704</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 3,860,829</u>	<u>\$ 3,554,407</u>	<u>\$ 4,162,122</u>	<u>\$ 607,715</u>

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

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
12/31/2010	\$ 14,283,597	\$ 19,953,457	71.6%	\$ 5,669,860	\$ 7,858,831	72.1%
12/31/2011	\$ 16,268,326	\$ 21,555,610	75.5%	\$ 5,287,284	\$ 7,869,676	67.2%
12/31/2012	\$ 18,483,323	\$ 23,648,932	78.2%	\$ 5,165,609	\$ 7,989,936	64.7%

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 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 Government Capital Projects fund is used to account for funds and expenditures related to capital projects.
- The Vehicle Replacement fund is used to account for funds and expenditures related to future vehicle replacements.
- The LCFD Vehicle and Equipment Replacement fund is used to account for funds and expenditures for replacement of vehicles and equipment for the Lake Cities Fire Department.
- 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.
- 2007 CO Tech 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 computer and technology equipment and upgrades.
- 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.

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CITY OF CORINTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
<i>Cash</i>	\$ 568,347	\$ 851,465	\$ 1,419,812
<i>Investments</i>	1,315,528	2,176,616	3,492,144
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	103,650	--	103,650
<i>Interest</i>	1,452	776	2,228
<i>Miscellaneous</i>	22,978	--	22,978
Total Assets	\$ 2,011,955	\$ 3,028,857	\$ 5,040,812
LIABILITIES			
<i>Accounts payable</i>	\$ --	\$ 21,552	\$ 21,552
<i>Accrued liabilities</i>	3,978	--	3,978
<i>Other liabilities</i>	14,494	--	14,494
<i>Total Liabilities</i>	18,472	21,552	40,024
DEFERRED INFLOWS OF RESOURCES			
<i>Deferred revenue</i>	691,159	--	691,159
Total Deferred Inflows of Resources	691,159	--	691,159
FUND BALANCES			
<i>Restricted</i>	1,464,030	--	1,464,030
<i>Committed</i>	279,443	3,007,305	3,286,748
<i>Unassigned</i>	(441,149)	--	(441,149)
Total Fund Balances	1,302,324	3,007,305	4,309,629
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	\$ 2,011,955	\$ 3,028,857	\$ 5,040,812

CITY OF CORINTH, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds (See Exhibit A-5)</u>
Revenue:			
Taxes:			
<i>Sales</i>	\$ 528,961	\$ --	\$ 528,961
<i>Hotel occupancy tax</i>	44,823	--	44,823
<i>Escrow and impact fees</i>	25,895	--	25,895
<i>Traffic fines and forfeitures</i>	29,592	--	29,592
<i>Police fees & permits</i>	24,433	--	24,433
<i>Parks & recreation fees</i>	213	--	213
<i>Fire services</i>	--	28,725	28,725
<i>Donations</i>	74,074	403,425	477,499
<i>Grants</i>	7,338	--	7,338
<i>Interest income</i>	5,740	10,854	16,594
<i>Miscellaneous income</i>	101,253	21,833	123,086
Total revenues	<u>842,322</u>	<u>464,837</u>	<u>1,307,159</u>
Expenditures:			
Current:			
<i>Public safety</i>	292,741	408,443	701,184
<i>Community services</i>	259,336	159,238	418,574
<i>Public works</i>	31,995	--	31,995
<i>Planning and community development</i>	--	30,791	30,791
<i>City administration</i>	141,498	--	141,498
<i>Capital Outlay</i>	--	27,648	27,648
Debt Service:			
<i>Interest</i>	--	4,981	4,981
Total Expenditures	<u>725,570</u>	<u>631,101</u>	<u>1,356,671</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>116,752</u>	<u>(166,264)</u>	<u>(49,512)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	142,593	1,737,165	1,879,758
<i>Transfers out</i>	(215,534)	(142,593)	(358,127)
Total Other Financing Sources (Uses)	<u>(72,941)</u>	<u>1,594,572</u>	<u>1,521,631</u>
Net Change in Fund Balances	43,811	1,428,308	1,472,119
Fund Balances - Beginning	<u>1,258,513</u>	<u>1,578,997</u>	<u>2,837,510</u>
Fund Balances - Ending	<u>\$ 1,302,324</u>	<u>\$ 3,007,305</u>	<u>\$ 4,309,629</u>

CITY OF CORINTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2013

	Crime Control & Prevention	Street Maintenance	Risk/ Insurance Claims Fund
ASSETS			
<i>Cash</i>	\$ 136,608	\$ 32,223	\$ 212,936
<i>Investments</i>	--	1,115,528	--
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	43,916	59,734	--
<i>Interest</i>	--	371	--
<i>Miscellaneous</i>	31	--	--
	<u>180,555</u>	<u>1,207,856</u>	<u>212,936</u>
Total Assets	\$ 180,555	\$ 1,207,856	\$ 212,936
LIABILITIES			
<i>Accrued liabilities</i>	\$ 3,517	\$ --	\$ --
<i>Other liabilities</i>	--	--	--
Total Liabilities	<u>3,517</u>	<u>--</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES			
<i>Deferred revenue</i>	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES			
<i>Restricted</i>	177,038	1,207,856	--
<i>Committed</i>	--	--	212,936
<i>Unassigned</i>	--	--	--
Total Fund Balances	<u>177,038</u>	<u>1,207,856</u>	<u>212,936</u>
 <i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	 <u>\$ 180,555</u>	 <u>\$ 1,207,856</u>	 <u>\$ 212,936</u>

Hotel Motel Tax	Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Parks Development
\$ 10,405	\$ 80,696	\$ 2,648	\$ 31,398	\$ 4,157
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>3,191</u>	<u>19,756</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 13,596</u>	<u>\$ 100,452</u>	<u>\$ 2,648</u>	<u>\$ 31,398</u>	<u>\$ 4,157</u>
\$ --	\$ 461	\$ --	\$ --	\$ --
--	14,494	--	--	--
--	<u>14,955</u>	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
13,596	23,147	2,648	31,398	--
--	62,350	--	--	4,157
--	--	--	--	--
<u>13,596</u>	<u>85,497</u>	<u>2,648</u>	<u>31,398</u>	<u>4,157</u>
<u>\$ 13,596</u>	<u>\$ 100,452</u>	<u>\$ 2,648</u>	<u>\$ 31,398</u>	<u>\$ 4,157</u>

CITY OF CORINTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2013

	TxDOT Grant	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS			
<i>Cash</i>	\$ 8,347	\$ 48,929	\$ 568,347
<i>Investments</i>	--	200,000	1,315,528
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	--	--	103,650
<i>Interest</i>	--	1,081	1,452
<i>Miscellaneous</i>	--	--	22,978
	<u>\$ 8,347</u>	<u>\$ 250,010</u>	<u>\$ 2,011,955</u>
LIABILITIES			
<i>Accrued liabilities</i>	\$ --	\$ --	\$ 3,978
<i>Other liabilities</i>	--	--	14,494
<i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>18,472</u>
DEFERRED INFLOWS OF RESOURCES			
<i>Deferred revenue</i>	--	691,159	691,159
Total Deferred Inflows of Resources	<u>--</u>	<u>691,159</u>	<u>691,159</u>
FUND BALANCES			
<i>Restricted</i>	8,347	--	1,464,030
<i>Committed</i>	--	--	279,443
<i>Unassigned</i>	--	(441,149)	(441,149)
Total Fund Balances	<u>8,347</u>	<u>(441,149)</u>	<u>1,302,324</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$ 8,347</u>	<u>\$ 250,010</u>	<u>\$ 2,011,955</u>

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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, 2013

	Crime Control & Prevention	Street Maintenance	Risk/ Insurance Claims Fund
Revenue:			
Taxes:			
<i>Sales</i>	\$ 243,486	\$ 285,475	\$ --
<i>Hotel occupancy tax</i>	--	--	--
<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>	385	2,552	919
<i>Miscellaneous income</i>	--	--	91,403
Total revenues	<u>243,871</u>	<u>288,027</u>	<u>92,322</u>
Expenditures:			
Current:			
<i>Public safety</i>	213,474	--	19,518
<i>Community services</i>	--	--	--
<i>Public works</i>	--	14,740	17,255
<i>City administration</i>	--	--	138,740
Total Expenditures	<u>213,474</u>	<u>14,740</u>	<u>175,513</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,397</u>	<u>273,287</u>	<u>(83,191)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	--	--
<i>Transfers out</i>	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	30,397	273,287	(83,191)
Fund Balances - Beginning	<u>146,641</u>	<u>934,569</u>	<u>296,127</u>
Fund Balances - Ending	<u>\$ 177,038</u>	<u>\$ 1,207,856</u>	<u>\$ 212,936</u>

EXHIBIT C-4
Page 1 of 2

	<u>Hotel Motel Tax</u>	<u>Special Revenue</u>	<u>Municipal Court Security Fund</u>	<u>Municipal Court Technology Fund</u>	<u>Parks Development</u>
\$	--	\$ --	\$ --	\$ --	\$ --
	44,823	--	--	--	--
	--	--	--	--	--
	--	--	12,695	16,897	--
	--	24,433	--	--	--
	--	213	--	--	--
	--	24,074	--	--	50,000
	--	3,338	--	--	--
	397	340	15	87	613
	--	9,850	--	--	--
	<u>45,220</u>	<u>62,248</u>	<u>12,710</u>	<u>16,984</u>	<u>50,613</u>
	--	59,749	--	--	--
	--	--	--	4,771	254,565
	--	--	--	--	--
	--	2,758	--	--	--
	--	<u>62,507</u>	<u>--</u>	<u>4,771</u>	<u>254,565</u>
	<u>45,220</u>	<u>(259)</u>	<u>12,710</u>	<u>12,213</u>	<u>(203,952)</u>
	--	--	--	--	--
	<u>(170,000)</u>	<u>(35,034)</u>	<u>(10,500)</u>	<u>--</u>	<u>--</u>
	<u>(170,000)</u>	<u>(35,034)</u>	<u>(10,500)</u>	<u>--</u>	<u>--</u>
	(124,780)	(35,293)	2,210	12,213	(203,952)
	<u>138,376</u>	<u>120,790</u>	<u>438</u>	<u>19,185</u>	<u>208,109</u>
\$	<u><u>13,596</u></u>	<u><u>85,497</u></u>	<u><u>2,648</u></u>	<u><u>31,398</u></u>	<u><u>4,157</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, 2013

	TxDOT Grant	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:			
Taxes:			
<i>Sales</i>	\$ --	\$ --	\$ 528,961
<i>Hotel occupancy tax</i>	--	--	44,823
<i>Escrow and impact fees</i>	--	25,895	25,895
<i>Traffic fines and forfeitures</i>	--	--	29,592
<i>Police fees & permits</i>	--	--	24,433
<i>Parks & recreation fees</i>	--	--	213
<i>Donations</i>	--	--	74,074
<i>Grants</i>	4,000	--	7,338
<i>Interest income</i>	20	412	5,740
<i>Miscellaneous income</i>	--	--	101,253
Total revenues	<u>4,020</u>	<u>26,307</u>	<u>842,322</u>
Expenditures:			
Current:			
<i>Public safety</i>	--	--	292,741
<i>Community services</i>	--	--	259,336
<i>Public works</i>	--	--	31,995
<i>City administration</i>	--	--	141,498
Total Expenditures	<u>--</u>	<u>--</u>	<u>725,570</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,020</u>	<u>26,307</u>	<u>116,752</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	142,593	142,593
<i>Transfers out</i>	--	--	(215,534)
Total Other Financing Sources (Uses)	<u>--</u>	<u>142,593</u>	<u>(72,941)</u>
Net Change in Fund Balances	4,020	168,900	43,811
Fund Balances - Beginning	<u>4,327</u>	<u>(610,049)</u>	<u>1,258,513</u>
Fund Balances - Ending	<u>\$ 8,347</u>	<u>\$ (441,149)</u>	<u>\$ 1,302,324</u>

CITY OF CORINTH, TEXAS
CRIME CONTROL & PREVENTION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 243,092	\$ 243,486	\$ 394
<i>Interest income</i>	--	385	385
Total revenues	243,092	243,871	779
Expenditures:			
Current:			
<i>Public safety</i>	262,324	213,474	48,850
Total Expenditures	262,324	213,474	48,850
Net Change in Fund Balances	(19,232)	30,397	49,629
Fund Balances - Beginning	146,641	146,641	--
Fund Balances - Ending	\$ 127,409	\$ 177,038	\$ 49,629

CITY OF CORINTH, TEXAS
STREET MAINTENANCE FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 274,309	\$ 285,475	\$ 11,166
<i>Interest income</i>	1,700	2,552	852
Total revenues	276,009	288,027	12,018
Expenditures:			
Current:			
<i>Public works</i>	100,000	14,740	85,260
Total Expenditures	100,000	14,740	85,260
Net Change in Fund Balances	176,009	273,287	97,278
Fund Balances - Beginning	934,569	934,569	--
Fund Balances - Ending	\$ 1,110,578	\$ 1,207,856	\$ 97,278

CITY OF CORINTH, TEXAS
HOTEL MOTEL TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Hotel occupancy tax</i>	\$ 35,000	\$ 44,823	\$ 9,823
<i>Interest income</i>	--	397	397
Total revenues	35,000	45,220	10,220
Other Financing Sources (Uses):			
<i>Transfers out</i>	(170,000)	(170,000)	--
Total Other Financing Sources (Uses)	(170,000)	(170,000)	--
Net Change in Fund Balances	(135,000)	(124,780)	10,220
Fund Balances - Beginning	138,376	138,376	- -
Fund Balances - Ending	\$ 3,376	\$ 13,596	\$ 10,220

CITY OF CORINTH, TEXAS
MUNICIPAL COURT SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Traffic fines and forfeitures</i>	\$ 12,000	\$ 12,695	\$ 695
<i>Interest income</i>	--	15	15
Total revenues	12,000	12,710	710
Other Financing Sources (Uses):			
<i>Transfers out</i>	(12,000)	(10,500)	(1,500)
Total Other Financing Sources (Uses)	(12,000)	(10,500)	(1,500)
Net Change in Fund Balances	--	2,210	2,210
Fund Balances - Beginning	438	438	- -
Fund Balances - Ending	\$ 438	\$ 2,648	\$ 2,210

CITY OF CORINTH, TEXAS
MUNICIPAL COURT TECHNOLOGY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Traffic fines and forfeitures</i>	\$ 18,000	\$ 16,897	\$ (1,103)
<i>Interest income</i>	--	87	87
Total revenues	18,000	16,984	(1,016)
Expenditures:			
Current:			
<i>Community services</i>	15,000	4,771	10,229
Total Expenditures	15,000	4,771	10,229
Net Change in Fund Balances	3,000	12,213	9,213
Fund Balances - Beginning	19,185	19,185	--
Fund Balances - Ending	\$ 22,185	\$ 31,398	\$ 9,213

CITY OF CORINTH, TEXAS
PARKS DEVELOPMENT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Donations</i>	\$ 50,000	\$ 50,000	\$ --
<i>Interest income</i>	--	613	613
Total revenues	50,000	50,613	613
Expenditures:			
Current:			
<i>Community services</i>	258,371	254,565	3,806
Total Expenditures	258,371	254,565	3,806
Net Change in Fund Balances	(208,371)	(203,952)	4,419
Fund Balances - Beginning	208,109	208,109	--
Fund Balances - Ending	\$ (262)	\$ 4,157	\$ 4,419

CITY OF CORINTH, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Property</i>	\$ 1,999,400	\$ 2,016,544	\$ 17,144
<i>Interest income</i>	--	5,457	5,457
Total revenues	<u>1,999,400</u>	<u>2,022,001</u>	<u>22,601</u>
Expenditures:			
Debt Service:			
<i>Principal</i>	1,743,686	1,743,686	--
<i>Interest</i>	770,180	751,757	18,423
Total Expenditures	<u>2,513,866</u>	<u>2,495,443</u>	<u>18,423</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(514,466)</u>	<u>(473,442)</u>	<u>41,024</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	208,287	208,287	--
Total Other Financing Sources (Uses)	<u>208,287</u>	<u>208,287</u>	<u>--</u>
Net Change in Fund Balances	(306,179)	(265,155)	41,024
Fund Balances - Beginning	<u>1,000,817</u>	<u>1,000,817</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 694,638</u>	<u>\$ 735,662</u>	<u>\$ 41,024</u>

CITY OF CORINTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2013

	Governmental Capital Projects	Vehicle Replacement Fund	LCFD Vehicle & Equipment Replacement	Street Escrow Fund
ASSETS				
<i>Cash</i>	\$ 92,794	\$ 212,873	\$ 273,324	\$ 13,478
<i>Investments</i>	1,650,198	115,001	--	361,397
Receivables (net of allowances for uncollectibles):				
<i>Interest</i>	461	190	--	46
Total Assets	<u>\$ 1,743,453</u>	<u>\$ 328,064</u>	<u>\$ 273,324</u>	<u>\$ 374,921</u>
LIABILITIES				
<i>Accounts payable</i>	\$ 18,152	\$ --	\$ --	\$ --
Total Liabilities	<u>18,152</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES				
<i>Committed</i>	1,725,301	328,064	273,324	374,921
Total Fund Balances	<u>1,725,301</u>	<u>328,064</u>	<u>273,324</u>	<u>374,921</u>
Total Liabilities and Fund Balances	<u>\$ 1,743,453</u>	<u>\$ 328,064</u>	<u>\$ 273,324</u>	<u>\$ 374,921</u>

EXHIBIT C-12

<u>2004 Tax Notes Fund</u>	<u>2007 CO Streets Fund</u>	<u>2007 CO Tech Fund</u>	<u>2010 CO Fire Fund</u>	<u>Total Nonmajor Capital Projects Funds (See Exhibit C-1)</u>
\$ 21,447	\$ 152,005	\$ 38,844	\$ 46,700	\$ 851,465
--	--	--	50,020	2,176,616
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	--	--	79	776
<u>\$ 21,447</u>	<u>\$ 152,005</u>	<u>\$ 38,844</u>	<u>\$ 96,799</u>	<u>\$ 3,028,857</u>
\$ --	\$ 2,677	\$ 289	\$ 434	\$ 21,552
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	2,677	289	434	21,552
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
21,447	149,328	38,555	96,365	3,007,305
<u>21,447</u>	<u>149,328</u>	<u>38,555</u>	<u>96,365</u>	<u>3,007,305</u>
<u>\$ 21,447</u>	<u>\$ 152,005</u>	<u>\$ 38,844</u>	<u>\$ 96,799</u>	<u>\$ 3,028,857</u>

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Governmental Capital Projects	Vehicle Replacement Fund	LCFD Vehicle & Equipment Replacement	Street Escrow Fund
Revenue:				
Taxes:				
<i>Fire services</i>	\$ --	\$ --	\$ 28,725	\$ --
<i>Donations</i>	403,425	--	--	--
<i>Interest income</i>	5,689	1,031	552	1,875
<i>Miscellaneous income</i>	--	13,277	8,556	--
Total revenues	<u>409,114</u>	<u>14,308</u>	<u>37,833</u>	<u>1,875</u>
Expenditures:				
Current:				
<i>Public safety</i>	--	196,961	--	--
<i>Community services</i>	87,238	72,000	--	--
<i>Planning and community development</i>	--	--	--	--
<i>Capital Outlay</i>	--	--	--	--
Debt Service:				
<i>Interest</i>	--	--	--	--
Total Expenditures	<u>87,238</u>	<u>268,961</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>321,876</u>	<u>(254,653)</u>	<u>37,833</u>	<u>1,875</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	1,403,425	181,530	116,650	--
<i>Transfers out</i>	--	--	--	--
Total Other Financing Sources (Uses)	<u>1,403,425</u>	<u>181,530</u>	<u>116,650</u>	<u>--</u>
Net Change in Fund Balances	1,725,301	(73,123)	154,483	1,875
Fund Balances - Beginning	<u>--</u>	<u>401,187</u>	<u>118,841</u>	<u>373,046</u>
Fund Balances - Ending	<u>\$ 1,725,301</u>	<u>\$ 328,064</u>	<u>\$ 273,324</u>	<u>\$ 374,921</u>

EXHIBIT C-13

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)
\$ --	\$ --	\$ --	\$ --	\$ 28,725
--	--	--	--	403,425
118	879	136	574	10,854
--	--	--	--	21,833
<u>118</u>	<u>879</u>	<u>136</u>	<u>574</u>	<u>464,837</u>
--	--	--	211,482	408,443
--	--	--	--	159,238
22,327	--	8,464	--	30,791
--	--	27,648	--	27,648
--	3,644	388	949	4,981
<u>22,327</u>	<u>3,644</u>	<u>36,500</u>	<u>212,431</u>	<u>631,101</u>
<u>(22,209)</u>	<u>(2,765)</u>	<u>(36,364)</u>	<u>(211,857)</u>	<u>(166,264)</u>
--	32,003	3,557	--	1,737,165
--	(142,593)	--	--	(142,593)
<u>--</u>	<u>(110,590)</u>	<u>3,557</u>	<u>--</u>	<u>1,594,572</u>
<u>(22,209)</u>	<u>(113,355)</u>	<u>(32,807)</u>	<u>(211,857)</u>	<u>1,428,308</u>
<u>43,656</u>	<u>262,683</u>	<u>71,362</u>	<u>308,222</u>	<u>1,578,997</u>
<u>\$ 21,447</u>	<u>\$ 149,328</u>	<u>\$ 38,555</u>	<u>\$ 96,365</u>	<u>\$ 3,007,305</u>

CITY OF CORINTH, TEXAS
DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
SEPTEMBER 30, 2013

ASSETS

<i>Cash</i>	\$	216,641
<i>Investments</i>		2,117,067
Receivables (net of allowances for uncollectibles):		
<i>Sales taxes</i>		119,464
<i>Interest</i>		6,999
<i>Miscellaneous</i>		<u>12</u>
Total Assets	\$	<u>2,460,183</u>

LIABILITIES:

<i>Accounts payable</i>	\$	1,185
<i>Accrued liabilities</i>		3,542
<i>Other liabilities</i>		2,706
Noncurrent Liabilities:		
<i>Due within one year</i>		<u>10,113</u>
Total Liabilities		<u>17,546</u>

Fund Balances:

<i>Restricted</i>		<u>2,442,637</u>
Total Fund Balances		<u>2,442,637</u>
Total Liabilities and Fund Balances	\$	<u>2,460,183</u>

CITY OF CORINTH, TEXAS
 ECONOMIC DEVELOPMENT CORPORATION
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXHIBIT C-15

	Budgeted Amounts		Actual		Variance with Final Budget Positive (Negative)
	Final				(Negative)
Revenue:					
Taxes:					
<i>Sales</i>	\$ 548,619	\$	570,929	\$	22,310
<i>Interest income</i>	16,500		8,746		(7,754)
Total revenues	565,119		579,675		14,556
Expenditures:					
Current:					
<i>Planning and community development</i>	1,207,208		766,209		440,999
Total Expenditures	1,207,208		766,209		440,999
Excess (Deficiency) of Revenues Over (Under) Expenditures	(642,089)		(186,534)		455,555
Net Change in Fund Balances	(642,089)		(186,534)		455,555
Fund Balances - Beginning	2,629,171		2,629,171		- -
Fund Balances - Ending	\$ 1,987,082	\$	2,442,637	\$	455,555

STATISTICAL SECTION



STATISTICAL SECTION

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

Contents	Page
Financial Trends	82
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	87
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	94
<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	98
<i>These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	101
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

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

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TABLE D-1

CITY OF CORINTH, TEXAS
NET ASSETS BY COMPONENT
 LAST TEN FISCAL YEARS (1), (2), (3), and (4)
 (ACCRUAL BASIS OF ACCOUNTING)
 (Unaudited)

	Fiscal Year		2005		2006		2007		2008		2009		2010		2011		2012		2013			
Governmental Activities																						
Invested in Capital Assets																						
Restricted	\$	565,152	\$	43,970,301	\$	42,785,734	\$	42,456,235	\$	40,684,154	\$	41,050,434	\$	39,656,647	\$	41,537,428	\$	38,965,723	\$	37,401,589	\$	37,401,589
Unrestricted		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		3,776,495		3,776,495
Total Governmental Activities Net Assets	\$	1,635,029	\$	6,226,345	\$	5,847,984	\$	5,762,421	\$	6,112,583	\$	8,395,075	\$	2,693,382	\$	6,854,904	\$	6,708,569	\$	5,680,613	\$	5,680,613
	\$	5,617,890	\$	51,174,224	\$	51,589,815	\$	51,328,224	\$	49,817,717	\$	50,240,624	\$	49,259,886	\$	50,793,308	\$	48,289,628	\$	46,838,707	\$	46,838,707
Business-type Activities																						
Invested in Capital Assets,																						
Net of Related Debt	\$	10,987,669	\$	12,482,107	\$	13,801,367	\$	16,086,492	\$	15,604,347	\$	15,881,901	\$	17,746,701	\$	19,490,897	\$	21,763,319	\$	21,661,416	\$	21,661,416
Restricted		1,866,796		1,354,100		2,625,039		3,295,796		5,229,817		5,638,822		5,893,737		5,858,618		6,216,578		6,897,008		6,897,008
Unrestricted		(1,655,443)		799,118		16,426,406		19,382,228		20,634,164		21,520,723		23,630,638		25,349,515		27,999,897		28,558,424		28,558,424
Total Business-type Activities Net Assets	\$	11,798,022	\$	14,665,325	\$	16,426,406	\$	19,382,228	\$	20,634,164	\$	21,520,723	\$	23,630,638	\$	25,349,515	\$	27,999,897	\$	28,558,424	\$	28,558,424
Primary Government																						
Invested in Capital Assets,																						
Net of Related Debt	\$	11,552,821	\$	58,748,420	\$	58,904,113	\$	60,858,739	\$	56,286,501	\$	56,932,335	\$	57,605,348	\$	61,028,325	\$	60,749,042	\$	59,063,015	\$	59,063,015
Restricted		5,284,435		2,341,678		2,951,097		10,880,788		3,020,980		795,115		6,713,859		2,400,976		2,614,336		3,776,495		3,776,495
Unrestricted		579,586		7,025,463		8,473,023		1,286,937		11,342,400		14,033,897		8,567,119		12,713,522		12,925,147		12,557,621		12,557,621
Total Primary Government Net Assets	\$	17,416,842	\$	66,115,561	\$	70,328,233	\$	73,026,464	\$	70,651,881	\$	71,761,347	\$	72,886,326	\$	76,142,823	\$	76,288,525	\$	75,397,131	\$	75,397,131

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
- (5) 2012 restated for implementation of GASB-63 and GASB65

Business-type Activities

- (4) 2009 restated for miscellaneous revenue and debt expenses
- (5) 2012 restated for implementation of GASB-63 and GASB65

TABLE D-2

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

	2004	2005	2006	2007 (1)	2008 (2)	2009	2010	2011	2012 (3)	2013
Expenses										
Governmental Activities:										
Public safety	\$ 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	\$ 8,188,441
Fire	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	1,740,402
Culture & Recreation	1,048,510	1,173,264	4,105,885	4,065,127	4,571,006	1,784,753	4,152,860	4,268,961	4,829,902	4,726,964
Public works	--	--	--	--	--	--	--	--	--	--
Highways & Streets	698,839	3,415,957	--	--	810,774	877,117	875,457	709,683	730,829	731,234
Planning and community development	394,067	350,040	596,687	744,218	--	--	--	--	--	--
Community development	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	1,631,852
City administration	--	--	725,165	949,085	702,155	686,977	688,069	634,749	655,335	662,238
Financial and administrative services	--	--	--	--	--	--	--	--	--	--
General Government	1,476,264	1,811,599	578,365	530,981	894,159	969,752	920,663	809,445	821,597	743,848
Interest on Long-Term Debt	870,298	769,953	12,385,871	13,549,708	17,246,207	16,068,125	18,209,031	17,254,289	18,144,590	18,424,979
Total Governmental Activities Expenses	8,211,081	11,360,389	20,977,664	22,250,883	27,670,123	26,934,719	28,998,482	27,686,009	28,863,324	29,370,177
Business-type Activities:										
Water and Wastewater	7,288,289	7,775,047	8,384,025	8,353,563	9,959,789	10,356,404	10,261,683	9,981,826	10,198,636	10,429,711
Storm Water Utility	--	295,597	207,768	347,612	464,127	510,190	527,768	449,894	520,098	515,487
Total Business-type Activities Expenses	7,288,289	8,070,644	8,591,793	8,701,175	10,423,916	10,866,594	10,789,451	10,431,720	10,718,734	10,945,198
Total Primary Government Expenses	15,499,370	19,431,033	20,977,664	22,250,883	27,670,123	26,934,719	28,998,482	27,686,009	28,863,324	29,370,177
Program Revenues										
Governmental Activities:										
Charges for Services:										
Public safety	\$ 447,107	\$ 492,359	\$ 133,700	\$ 171,534	\$ 2,442,177	\$ 3,028,462	\$ 2,858,365	\$ 3,218,248	\$ 3,036,630	\$ 3,316,940
Community services	--	--	774,741	750,410	208,352	178,695	197,322	305,958	312,490	312,490
Public Works	--	--	--	--	--	--	--	340,413	72,087	25,895
Culture & Recreation	97,960	130,454	--	--	--	--	--	564,447	364,980	342,817
Planning and community development	--	--	661,209	493,749	416,347	297,861	298,676	--	--	--
City administration	--	--	7,890	13,972	--	--	--	177,273	88,599	--
Finance and administrative services	--	--	252,636	559,992	881,951	1,024,019	1,180,425	--	--	--
General Government	1,099,768	1,147,641	--	--	--	--	--	--	--	--
Operating Grants and Contributions	25,716	159,282	211,840	202,291	271,544	107,572	166,836	152,477	101,458	144,879
Capital Grants and Contributions	36,796	5,786	688,101	1,055,742	725,200	171,306	1,243,666	858,404	944,835	551,016
Total Governmental Activities Program Revenues	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	4,694,037
Business-type Activities:										
Charges for Services:										
Water and Wastewater	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	11,582,827
Storm Water Utility	--	295,598	384,504	432,848	495,193	552,871	587,074	552,916	655,400	667,215
Operating Grants and Contributions	--	1,208,704	--	--	--	--	--	--	--	--
Capital Grants and Contributions	886,106	870,479	1,265,180	2,127,103	2,071,941	649,055	1,255,490	1,303,744	581,490	192,927
Total Business-type Activities Program Revenues	6,509,003	8,704,679	10,254,679	11,266,391	12,736,699	11,508,326	12,936,667	14,077,995	12,932,781	12,442,969
Total Primary Government Program Revenues	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	17,137,006
Net (Expense)/Revenue										
Governmental Activities	\$ (6,503,734)	\$ (9,424,867)	\$ (9,655,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)	\$ (13,217,704)	\$ (13,730,942)
Business-type Activities	(779,286)	634,035	1,662,886	2,565,216	2,312,783	641,732	2,147,216	3,646,275	2,234,047	1,497,771
Total Primary Government Net Expense	(7,283,020)	(8,790,832)	(7,993,048)	(7,736,802)	(9,987,853)	(10,618,478)	(10,116,525)	(7,990,794)	(10,983,657)	(12,233,171)

(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.
 (3) 2012 restated for implementation of GASB-63 and GASB-65

TABLE D-3

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

	Fiscal Year									
	2004	2005	2006	2007 (1)	2008 (2)	2009	2010	2011	2012 (3)	2013
Net (Expense)/Revenue										
Governmental Activities	\$ (6,503,734)	\$ (9,424,867)	\$ (9,635,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)	\$ (13,217,704)	\$ (13,730,942)
Business-type Activities	(779,286)	634,034	1,662,886	2,565,216	2,312,783	641,732	2,147,216	3,646,275	2,234,047	1,497,771
Total Primary Government Net Expense	<u>(7,283,020)</u>	<u>(8,790,833)</u>	<u>(7,973,048)</u>	<u>(7,736,802)</u>	<u>(9,987,853)</u>	<u>(10,618,478)</u>	<u>(10,116,525)</u>	<u>(7,990,794)</u>	<u>(10,983,657)</u>	<u>(12,233,171)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	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	8,501,824
Sales Taxes	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	1,728,567
Franchise Taxes	832,345	742,121	1,289,688	667,199	894,191	1,456,065	919,700	1,083,786	1,065,097	967,846
Other Taxes	18,297	4,169	--	--	--	--	--	--	--	--
Miscellaneous	531,844	236,163	37,082	46,395	73,884	95,154	20,050	34,555	143,809	38,121
Investment Earnings	86,918	114,676	427,975	562,353	740,740	318,460	207,718	98,465	63,010	49,427
Special item inflow (outflow)	--	--	--	--	(1,742,435)	--	--	(700,000)	(134,385)	8,556
Transfers	(559,938)	(486,669)	(22,500)	(138,510)	1,515,701	360,418	550,426	2,734,363	(289,093)	986,679
Total Governmental Activities	<u>8,249,104</u>	<u>8,567,199</u>	<u>10,067,525</u>	<u>10,039,091</u>	<u>10,790,129</u>	<u>11,536,116</u>	<u>11,279,001</u>	<u>13,079,705</u>	<u>10,851,115</u>	<u>12,281,020</u>
Business-type Activities:										
Miscellaneous	--	19,606	19,983	103,243	11,212	53,980	355,428	31,859	11,738	5,145
Investment Earnings	--	120,742	95,712	164,855	643,642	295,606	157,497	75,308	59,488	42,290
Special item inflow (outflow)	--	--	--	--	--	--	--	700,000	134,385	--
Transfers	559,938	485,120	22,500	138,510	(1,515,701)	(360,418)	(550,426)	(2,734,363)	289,093	(986,679)
Total Business-type Activities	<u>611,071</u>	<u>625,468</u>	<u>138,195</u>	<u>406,608</u>	<u>(860,847)</u>	<u>(10,832)</u>	<u>(37,501)</u>	<u>(1,927,196)</u>	<u>474,704</u>	<u>(939,244)</u>
Total Primary Government	<u>8,860,175</u>	<u>9,192,667</u>	<u>10,205,720</u>	<u>10,445,699</u>	<u>9,929,282</u>	<u>11,525,284</u>	<u>11,241,500</u>	<u>11,152,509</u>	<u>11,325,819</u>	<u>11,341,776</u>
Change in Net Assets										
Governmental Activities	1,745,370	(857,668)	411,771	(262,927)	(1,510,507)	275,906	(984,740)	1,442,636	(2,366,589)	(1,449,822)
Business-type Activities	(188,215)	1,259,502	1,801,081	2,971,824	1,451,936	630,900	2,109,715	1,719,079	2,708,751	558,527
Total Primary Government	<u>1,577,155</u>	<u>401,834</u>	<u>2,212,852</u>	<u>2,708,897</u>	<u>(58,571)</u>	<u>906,806</u>	<u>1,124,975</u>	<u>3,161,715</u>	<u>342,162</u>	<u>(891,395)</u>

(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.
(3) 2012 is restated for implementation of GASB-63 and -65.

TABLE D-4

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

	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013
General Fund										
Reserved	\$ 70,996	\$ 60,234	\$ 88,311	\$ 152,119	\$ 185,245	\$ 103,982	\$ 143,025	\$ --	\$ --	\$ --
Non-Spendable	--	--	--	--	--	--	--	216,714	207,874	211,465
Committed	--	--	--	--	--	--	--	--	--	--
Unreserved	2,835,785	4,016,196	5,574,219	6,038,090	4,559,669	4,337,600	3,730,485	--	--	--
Unassigned	--	--	--	--	--	--	--	4,552,509	5,246,830	3,950,657
Total General Fund	\$ 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	\$ 4,162,122
All Other Governmental Funds										
Reserved	\$ 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	2,199,692
Committed	--	--	--	--	--	--	--	1,170,771	2,124,934	3,286,748
Unreserved, Reported In:										
Special Revenue Funds	32,373	247,791	792,626	1,190,922	1,472,819	1,862,162	1,879,248	--	--	--
Capital Projects Funds	707,092	930,290	1,672,512	9,324,007	10,639,614	7,670,458	2,054,708	--	--	--
Unassigned	--	--	--	--	--	--	--	(268,658)	(610,049)	(441,149)
Total All Other Governmental Funds	\$ 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	\$ 5,045,291

(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)

	2004	2005	2006	2007 (1)	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	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 \$	11,210,497
Licenses, Fees and Permits	909,512	916,794	661,652	468,395	400,375	283,232	304,009	1,091,761	661,689	285,165
Fines and Penalties	645,562	393,693	657,395	627,526	670,529	700,857	652,755	634,141	577,101	974,231
Charges for Services	212,917	423,299	468,651	782,146	2,639,945	3,256,122	3,529,997	2,547,590	2,531,739	2,534,668
Investment Earnings	27,843	91,574	427,975	562,354	740,741	318,461	207,717	98,464	63,010	49,427
Donations	--	--	--	--	--	--	713,564	1,012,607	947,567	571,827
Special Assessments	--	--	--	134,798	251,200	114,719	110,972	--	--	--
Intergovernmental	--	--	64,138	182,512	256,369	97,101	269,142	--	--	--
Other Revenues	546,344	323,557	433,153	48,776	613,801	99,494	63,697	160,528	205,271	190,849
Total Revenues	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	15,816,664
Expenditures										
Public safety	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	8,393,476
Fire	1,318,659	1,475,376	1,565,570	1,995,931	--	--	--	--	--	--
Community services	--	--	1,722,157	1,682,575	1,888,806	2,309,608	1,825,414	1,752,285	1,794,276	2,113,911
Culture & Recreation	1,048,510	1,079,253	--	--	--	--	--	--	--	--
Public works	--	1,678,825	1,471,635	1,471,635	1,464,051	929,424	876,510	1,640,574	1,222,644	878,847
Highways & Streets	698,839	1,051,563	--	--	--	--	--	--	--	--
Planning and community development	--	584,199	731,568	822,157	822,157	855,155	872,953	699,586	751,109	727,249
Community development	394,067	350,040	--	--	--	--	--	--	--	--
Economic development	246,323	206,577	--	--	--	--	--	--	--	--
City administration	--	471,180	573,526	573,526	1,237,314	1,498,948	1,659,476	1,454,431	1,444,883	1,591,760
Finance and administrative services	--	669,849	895,690	895,690	705,898	685,409	672,763	614,157	641,484	655,646
General Government	1,476,264	2,159,873	--	--	1,185,301	973,949	--	--	--	--
Capital Outlay	43,033	--	--	--	--	--	6,098,235	5,122,041	890,602	27,648
Debt Service										
Interest	870,298	753,583	587,389	516,490	889,048	919,943	870,581	847,405	813,965	756,738
Principal	776,750	1,415,000	1,437,500	781,750	1,257,650	1,494,883	1,480,700	1,456,375	1,534,125	1,743,686
Bond issuance costs	--	--	65,363	149,074	728	1,107	27,827	--	--	--
Total Expenditures	9,030,664	10,644,870	11,314,309	11,461,076	17,571,782	17,408,965	22,625,888	21,660,455	16,613,890	16,888,961
Excess Over (Under) Expenditures	1,418,930	283,876	938,610	843,563	(1,751,115)	(1,767,604)	(6,243,918)	(5,203,743)	(579,080)	(1,072,297)
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/discount	--	--	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)	986,679
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)	986,679
Net Change in Fund Balances	1,418,930 \$	1,591,222 \$	1,298,910 \$	8,835,456 \$	(235,414) \$	(1,401,752) \$	(4,193,492) \$	(2,469,380) \$	(805,864) \$	(85,618)
Debt Service As A Percentage Of Noncapital Expenditures	22.40%	25.30%	21.90%	12.80%	12.80%	15.20%	15.16%	15.51%	15.68%	16.18%

(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 & Hotel Tax	Franchise Tax	Total
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
2013	8,514,084	1,728,567	967,846	11,210,497
Percent Change 2003-2012	97.7%	109.8%	16.3%	88.0%

(1) 2007 restated.

TABLE D-7

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

Fiscal Year	Residential Property	Commercial, 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
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%
2013	1,201,904,159	283,761,674	88,447,340	1,397,218,493	0.59135	1,397,218,493	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
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
2013	0.46143	0.14346	0.60489	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	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Denton County Elec Coop	\$ 24,183,599	1	1.73%			
S. Corinth Apartments LLC DBA The Bc	14,038,797	2	1.00%			
MPT of Corinth LP	13,500,000	3	0.97%			
ONCOR Elec Delivery/TXU	12,630,937	4	0.90%	\$ 13,853,950	2	1.22%
HD Supply Utilities LTD #3430	9,685,842	5	0.69%			
Ambar Acquisitions LLC	8,238,755	6	0.59%			
Tower Ridge Corinth I, LTD	6,970,711	7	0.50%			
Utter Properties, LLC	6,793,074	8	0.49%	5,039,844	8	0.44%
Kensington Square LP PS	5,952,235	9	0.43%	5,385,097	7	0.47%
Utter, Bill	5,815,741	10	0.42%	6,568,862	5	0.58%
Labinal - Corinth Inc	--			22,085,845	1	1.95%
Denton County Elec Coop	--			99,581,788	3	8.77%
Boeing - Corinth Inc.	--			8,908,960	4	0.78%
Albertson's	--			6,017,350	6	0.53%
Pulte Homes of Tx LP	--			4,196,669	9	0.37%
Corinth Autumn Oaks LP	--			4,025,610	10	0.35%
Total	\$ 107,809,691		7.72%	\$ 175,663,975		15.48%

Source: Denton Central Appraisal District

TABLE D-10

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
2004	\$ 6,049,602	\$ 5,983,684	98.91%	\$ 65,422	\$ 6,049,106	99.99%
2005	6,595,499	6,463,636	98.00%	130,731	6,594,367	99.98%
2006	6,770,070	6,706,697	99.06%	61,106	6,767,803	99.97%
2007	7,234,271	7,166,741	99.07%	63,491	7,230,232	99.94%
2008	7,497,484	7,428,184	99.08%	65,511	7,493,695	99.95%
2009	8,213,110	8,155,554	99.30%	52,963	8,208,517	99.94%
2010	8,124,258	8,023,338	98.76%	92,314	8,115,652	99.89%
2011	8,222,763	8,121,978	98.77%	88,041	8,210,019	99.85%
2012	8,298,852	8,207,634	98.90%	65,050	8,272,684	99.68%
2013	8,451,696	8,425,528	99.69%	--	8,425,528	99.69%

Sources: Denton Central Appraisal District

TABLE D-11

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

	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)
Agriculture, Forestry and Fishing	\$ 1,701,873	\$ 1,575,004	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Construction	564,614	9,503	2,537,401	6,400,892	4,351,614	1,746,710	311,261	942,329	2,181,247	1,453,786
Manufacturing	301,795	754,783	4,962,686	2,636,616	3,006,576	2,753,171	923,369	738,044	484,720	207,793
Transportation, Communications and Utilities	82,638,801	98,276,725	78,610,397	85,742,334	103,385,801	88,626,467	90,520,993	90,939,863	82,316,673	41,727,992
Wholesale Trade	2,612,741	330,578	6,764,242	3,266,001	2,618,569	2,659,948	3,213,997	4,319,250	2,497,630	1,277,711
Retail Trade	29,599,390	31,313,395	22,304,776	24,101,476	22,599,645	19,620,574	20,762,549	22,850,992	26,103,441	13,248,344
Services	10,032,231	8,732,422	2,295,353	4,163,780	4,513,536	4,639,562	4,879,098	5,710,772	6,865,632	3,379,610
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	23,290,303	12,036,266
Total	\$ 127,456,632	\$ 146,407,408	\$ 140,730,037	\$ 152,179,312	\$ 158,767,341	\$ 134,069,318	\$ 140,383,419	\$ 147,103,992	\$ 143,739,646	\$ 73,331,502
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 2013 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
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%
2013	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 Govt Activities Debt	
	General Obligation Bonds	Certificates of Obligation/Tax Notes	Total Tax Supported Debt	Capital Leases			Capital Leases	Other Govt Activities Debt
2004	\$ 13,796,000	\$ 1,200,000	\$ 14,996,000	1.32%	\$ 852	\$ --		
2005	13,121,000	1,640,000	14,761,000	1.24%	829	107,346		
2006	13,257,100	135,000	13,392,400	1.10%	722	87,645		
2007	12,599,150	7,888,699	20,379,150	1.58%	1,048	67,098		
2008	11,791,500	9,154,333	20,945,833	1.56%	1,066	45,667		
2009	10,978,150	8,473,000	19,451,150	1.45%	983	23,314		
2010	10,106,450	9,364,000	19,470,450	1.40%	977	--		
2011	9,082,075	9,632,000	18,714,075	1.35%	939	--		
2012	8,004,950	9,309,385	17,314,335	1.24%	868	--		
2013	6,887,875	8,682,775	15,570,650	1.12%	780	--		
TOTAL PRIMARY GOVERNMENT								
Fiscal Year	Business-type Activities				Percentage of Personal Income	Per Capita	Total Government	Per Capita
	General Obligation Bonds	Certificates of Obligation	Total Tax Supported Debt	Capital Leases				
2004	\$ 3,024,000	\$ 385,000	\$ 3,409,000		\$ --	\$ 1,046	\$ 18,405,000	3.13%
2005	2,889,000	200,000	3,089,000		107,346	1,015	18,064,692	2.93%
2006	2,782,600	--	2,782,600		87,645	881	16,350,290	2.48%
2007	2,615,850	15,821,301	18,545,850		67,098	2,001	38,925,000	5.48%
2008	2,413,500	13,620,667	16,034,167		45,667	1,887	37,071,334	5.26%
2009	2,176,850	13,327,000	15,503,850		23,314	1,769	35,001,628	4.78%
2010	1,923,550	12,956,000	14,879,550		--	1,724	34,350,000	4.65%
2011	1,777,925	11,738,000	13,515,925		--	1,617	32,230,000	4.35%
2012	1,625,050	11,060,615	12,685,665		--	1,504	30,000,000	4.13%
2013	1,467,125	10,492,224	11,959,349		--	1,379	27,529,999	3.78%

TABLE D-14

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
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	9,630,000	0.69%	483
2013	10,149,900	0.73%	508

TABLE D-15

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Denton County	\$ 596,245,000	2.610%	\$ 15,561,995
Denton Independent School District	631,577,937	7.290%	46,042,032
Lake Dallas Independent School District	90,742,581	47.250%	42,875,870
Other Debt			
Denton County capital leases	1,490,370	2.610%	38,899
Denton ISD capital leases	1,047,812	7.290%	76,385
Lake Dallas ISD capital leases	597,607	47.250%	<u>282,369</u>
Subtotal, Overlapping Debt			104,877,549
City Direct Debt			<u>15,570,649</u>
Total Direct and Overlapping Debt			<u>\$ 120,448,198</u>

Source: First Southwest Financial Services

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

TABLE D-16

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	(10)	(11)
Debt Limit	\$ 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	\$ 139,721,850
Total Net Debt Applicable to Limit	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	26,529,182
Legal Debt Margin	\$ 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	\$ 113,192,668
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	16.22%	14.54%	13.31%	30.24%	26.63%	24.58%	22.12%	20.53%	20.84%	18.99%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,397,218,493
Debt Limit (10% of Assessed Value)	139,721,849
Debt Applicable to Limit:	
General bonded debt	27,529,999
Less: Amount Set Aside for Repayment of General Bonded Debt	<u>1,000,817</u>
Net Debt Applicable to Limit	<u>26,529,182</u>
Legal Debt Margin	<u>\$ 113,192,667</u>

TABLE D-17

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population [1]	17,592	17,800	18,550	19,450	19,650	19,788	19,926	19,935	19,444	19,961
Median Household Income [2]	\$ 85,943	\$ 88,855	\$ 91,266	\$ 93,776	\$ 94,714	\$ 95,696	\$ 96,653	\$ 99,127	\$ 101,664	\$ 104,211
Per Capita Personal Income [3]	\$ 33,449	\$ 34,582	\$ 35,521	\$ 36,498	\$ 36,863	\$ 36,987	\$ 37,097	\$ 37,135	\$ 37,173	\$ 36,450
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	32	32	32	33	35	35
Education Level [6]										
<i>High school graduate (or equivalent)</i>	96%	96%	96%	96%	96%	96%	96%	88%	96%	96%
<i>Some college/associate's degree</i>	65%	65%	65%	65%	65%	65%	65%	31%	65%	35%
<i>Bachelor's degree</i>	39%	39%	39%	39%	39%	39%	39%	37%	39%	29%
<i>Master's, professional or doctorate</i>	11%	11%	11%	11%	11%	11%	11%	12%	12%	13%
School Enrollment [7]	4,594	4,648	4,844	5,092	5,144	5,196	5,246	5,298	5,351	6,153
Unemployment [8]	4.1%	4.2%	3.8%	4.0%	4.8%	4.9%	7.1%	7.9%	6.3%	5.7%

[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	2013			2004 [1]		
	Employees	Rank	Percentage of Total City Employment [2]	Employees	Rank	Percentage of Total City Employment
CoServ	350	1	8.07%	--	--	--
North Central Texas College	200	2	4.61%	--	--	--
City of Corinth	156	3	3.60%	--	--	--
Bill Utter Ford	150	4	3.46%	--	--	--
Albertsons	100	5	2.31%	--	--	--
Lake Dallas ISD	80	6	1.84%	--	--	--
Orr Nissan	100	6	2.31%	--	--	--
HD Supply Utilities 60	60	7	1.38%	--	--	--
McClain's RV Ft. Worth Inc.	60	8	1.38%	--	--	--
Oakmonth Country Club	58	9	1.34%	--	--	--
Metroplex Cabinets	50	10	1.15%	--	--	--
Total	1,364		31.45%	--		--

Source: City Economic Development Division

[1] 2004 Employer data is unavailable.

TABLE D-19

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
City Administration										
City Management	3.0	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	1.0
Public Safety										
Police	25.0	26.0	30.0	31.0	31.0	31.0	28.0	28.0	28.0	30.0
Animal Control	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.5	1.5
Lake Cities Fire Department [2]	39.0	36.0	38.0	40.0	41.0	41.0	41.0	41.0	40.0	41.0
Public Works										
Streets	5.4	7.4	7.0	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]	8.0	8.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Planning	3.0	2.0	2.0	4.0	5.0	5.0	4.0	4.0	3.0	3.0
Code Enforcement & Permitting	--	3.0	3.0	1.0	1.0	--	--	--	--	--
Community Services	18.0	17.0	17.0	--	--	--	--	--	--	--
Municipal Court	3.0	3.0	4.0	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	17.5
Finance & Admin. Services										
Finance [4]	7.0	8.0	5.0	6.0	7.0	7.0	6.5	6.5	6.5	6.5
Human Resources	--	--	2.0	2.0	3.0	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	3.0
Water/Wastewater Fund										
Water/Wastewater	26.6	26.6	23.6	23.0	23.0	23.0	21.0	21.0	21.0	21.0
Utility Billing	--	--	3.0	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	3.0
Crime Control District Fund	--	--	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Child Safety Program	--	--	--	--	3.0	3.0	3.0	3.0	3.0	3.0
Total	141.0	146.5	152.1	157.8	165.8	164.8	158.6	158.6	155.8	159.8

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 through 2004.

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

TABLE D-20

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building Permits - Single Family Home	265	176	108	50	18	20	25	32	18	18
Building Permits - Commercial	18	17	9	3	7	2	2	2	2	--
Police										
Physical Arrests	528	713	836	572	565	531	516	410	349	316
Parking Violations	117	105	38	51	22	41	20	38	14	3
Traffic Violations	6,471	4,940	8,711	7,102	6,756	5,978	6,046	5,544	5,787	7,021
Fire [1]										
Emergency Responses	810	921	930	1,089	2,235	2,198	2,422	2,600	2,655	2,889
Fires Extinguished	18	33	29	42	33	55	56	66	49	36
Inspections	--	--	137	349	330	313	376	395	180	621
Other Public Works										
Street Resurfacing (miles)	1	<1	<1	1	<1	<1	3	3	2	<1
Potholes Repaired	1,265	1,040	461	6,080	1,275	1,110	637	1,160	2,948	120
Parks and Recreation										
Classes offered (hours) [2]	669	816	565	526	1,935	1,424	894	454	273	286
Participants	4,419	4,883	4,150	3,758	7,501	7,162	4,420	4,105	1,936	2,225
Special events hours [3]	123	111	124	117	698	963	1,351	4,484	1,054	2,381
Participants	18,255	15,639	21,284	22,000	18,187	22,065	31,409	39,567	8,312	4,714
Association Participants	--	--	--	24,880	82,890	83,010	115,910	126,940	25,239	20,327
Athletic League Participants	--	--	--	--	--	--	--	--	67,056	32,022
Recreation center general use (hours) [4]	4,052	8,735	12,453	15,768	10,072	7,095	5,327	7,243	7,610	8,088
Water										
New Connections	234	202	131	98	12	15	35	50	18	19
Water Main Breaks	41	37	47	5	11	26	9	8	3	13
Average Daily Consumption (millions of gallons)	2.52	3.00	3.55	2.45	2.66	2.60	2.24	3.77	4.24	3.66
Peak Daily Consumption (millions of gallons)	7.15	7.04	7.35	5.59	7.00	6.24	6.36	7.99	7.32	6.08
Wastewater										
New Connections	2	33	22	151	14	16	35	43	18	19
Average Daily Sewage Treatment (millions of gallons)	0.66	0.72	0.67	1.05	1.01	1.05	1.20	1.02	1.10	1.08
Upper Trinity Regional Water District [5]	0.99	1.45	1.25	0.70	0.92	0.84	0.92	0.30	1.78	0.25
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.

TABLE D-21

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	18	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)	90	95	100	108	110	110	111	111	89	89
Highways (miles) (3)	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	6.2	6.3
Traffic Signals	--	--	1	2	2	2	2	6	7	8
Parks and Recreation										
Acres	182	182	182	184	184	184	184	184	184	184
Playgrounds	9	10	10	11	11	11	11	11	11	11
Baseball/Softball Fields	7	7	7	7	8	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	12.74
Water										
Connections	6,241	6,443	6,574	6,672	6,671	6,719	6,766	6,780	6,809	6,810
Water Mains (miles)	102	103	105	103	103	105	106	108	110	111
Fire Hydrants	695	728	750	732	732	774	785	787	810	822
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	6,025	6,222	6,267	6,418	6,413	6,452	6,433	6,512	6,537	6,536
Sanitary Sewers (miles)	94.0	94.0	95.2	93.7	93.7	96.2	96.4	97.6	97.9	98.3
Storm Sewers (miles)	23.06	26.04	30.04	31.00	31.00	33.46	35.30	36.85	38.37	38.73
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.