

# City of Corinth, Texas

## Comprehensive Annual Financial Report For the year ended September 30, 2016

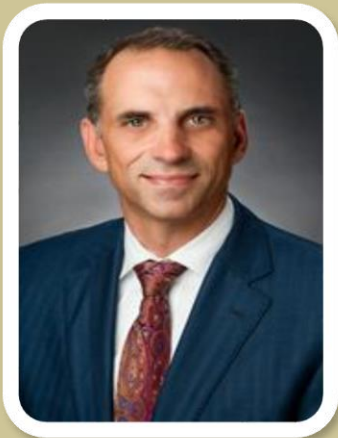




**BILL HEIDEMANN**  
*Mayor*



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

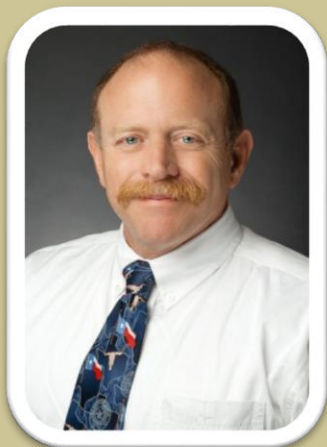


**SAM BURKE**  
*Council Place I*

*City of*  
*Corinth*  
*Elected Officials*



**SCOTT GARBER**  
*Council Place II*



**LOWELL JOHNSON**  
*Council Place III*



**DON GLOCKEL**  
*Council Place V*

# CITY OF CORINTH, TX

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended September 30, 2016



Bob Hart  
City Manager

Department of  
Finance & Administrative Services

Lee Ann Bunselmeyer  
Director of Finance & Administrative Services

Caryn Riggs  
Assistant Director of Finance

**CITY OF CORINTH, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal_____	1	
GFOA Certificate of Achievement_____	5	
Organizational Chart_____	6	
Elected and Appointed Officials_____	7	
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report_____	9	
Management's Discussion and Analysis (Required Supplementary Information_____)	11	
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Position_____	23	Exhibit A-1
Statement of Activities_____	24	Exhibit A-2
Fund Financial Statements:		
Balance Sheet – Governmental Funds_____	26	Exhibit A-3
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position_____	28	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds_____	30	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities_____	32	Exhibit A-6
Statement of Net Position – Proprietary Funds_____	33	Exhibit A-7
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Funds_____	34	Exhibit A-8
Statement of Cash Flows – Enterprise Funds_____	36	Exhibit A-9
Notes to the Financial Statements_____	38	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund_____	61	Exhibit B-1
Schedule of Changes in Net Pension Liability and Related Ratios_____	62	Exhibit B-2
Schedule of Employer Contributions – Texas Municipal Retirement Systems_____	63	Exhibit B-3
Notes to Required Supplementary Information_____	64	
<u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
Combining Balance Sheet – Nonmajor Governmental Funds_____	67	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds_____	68	Exhibit C-2
Special Revenue Funds:		
Combining Balance Sheet – Nonmajor Special Revenue Funds_____	70	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds_____	74	Exhibit C-4

Budgetary Comparison Schedules:

Crime Control & Prevention Fund_____	78	Exhibit C-5
Street Maintenance Fund_____	79	Exhibit C-6
Hotel Motel Tax Fund_____	80	Exhibit C-7
Keep Corinth Beautiful Fund_____	81	Exhibit C-8
Child Safety Fund_____	82	Exhibit C-9
Municipal Court Security Fund_____	83	Exhibit C-10
Municipal Court Technology Fund_____	84	Exhibit C-11
Police Confiscation (State) Fund_____	85	Exhibit C-12
Police Confiscation (Federal) Fund_____	86	Exhibit C-13
Parks Development Fund_____	87	Exhibit C-14
Community Park Improvement Fund_____	88	Exhibit C-15
Debt Service Fund_____	89	Exhibit C-16
Tree Mitigation Fund_____	90	Exhibit C-17
Roadway Impact Fee Fund_____	91	Exhibit C-18

Capital Projects Funds:

Combining Balance Sheet – Nonmajor Capital Projects Funds_____	92	Exhibit C-19
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds_____	94	Exhibit C-20

Discrete Presented Component Unit

Balance Sheet_____	96	Exhibit C-21
Budgetary Comparison Schedule_____	97	Exhibit C-22

**STATISTICAL SECTION**

Net Position by Component_____	101	Table D-1
Expenses, Program Revenues, and Net (Expense)/Revenue_____	102	Table D-2
General Revenues and Total Change in Net Position_____	103	Table D-3
Fund Balances of Governmental Funds_____	104	Table D-4
Changes in Fund Balances of Governmental Funds_____	105	Table D-5
Tax Revenues by Source, Governmental Funds_____	106	Table D-6
Assessed Values and Estimated Actual Value of Taxable Property_____	107	Table D-7
Direct and Overlapping Property Tax Rates_____	108	Table D-8
Principal Property Tax Payers_____	109	Table D-9
Property Tax Levies and Collections_____	110	Table D-10
Taxable Sales by Category_____	111	Table D-11
Direct and Overlapping Sales Tax Rates_____	112	Table D-12
Ratios of Outstanding Debt by Type_____	113	Table D-13
Ratios of General Bonded Debt Outstanding_____	114	Table D-14
Direct and Overlapping Governmental Activities Debt_____	115	Table D-15
Legal Debt Margin Information_____	116	Table D-16
Demographic and Economic Statistics_____	117	Table D-17
Principal Employers_____	118	Table D-18
Full-Time Equivalent Employees by Function/Program_____	119	Table D-19
Operating Indicators by Function/Program_____	120	Table D-20
Capital Asset Statistics by Function/Program_____	121	Table D-21

## **INTRODUCTORY SECTION**



3300 Corinth Parkway · Corinth, TX · 940.498.3200

February 13, 2017

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, 2016. 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). 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.

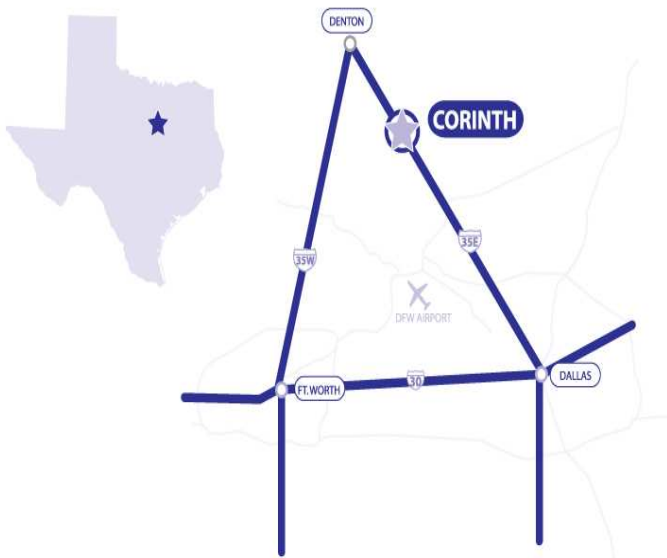
## **INDEPENDENT AUDIT**

The City of Corinth's financial statements have been audited by Davis Kinard & Co, 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, 2016, 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, 2016, 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 was incorporated in 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. 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's primary responsibilities include 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's estimated population for 2016 is 20,740. This estimate is based on current trends from the Corinth Economic Development Department.

The City of Corinth, as well as, the State of Texas, experienced economic growth compared to prior years. 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 3.1%. For the same period, Dallas County's unemployment rate was 3.6%, the overall state of Texas rate was 4.2% and the nation's rate, as a whole, was 4.7%.

Corinth continues to rely heavily on property tax to support its continuing operations, with the City being approximately 85% residential. Certified property values increased 9.82% for the 2016 tax year over the 2015 certified value.



Sales Tax Revenue, the second largest revenue source for the City's General Fund, increased 6.7% over the prior year's receipts. For fiscal year 2016-17, sales tax revenue is projected to increase to \$1.3 million. Primarily a residential community, Corinth relies on sales tax paid on utilities. All sales tax collections are reported by the Texas Comptroller of Public Accounts. The City is continuing to work to increase its sales tax base with the Corinth Economic Development Corporation, which receives the proceeds from a ½ cent sales tax enacted in 2003. Corinth is currently focused on encouraging commercial development and providing the infrastructure required to support it. With the Interstate 35 expansion and growth in the DFW area, Corinth continues to draw interest from apartment, restaurant and commercial developers.

## **MAJOR INITIATIVES**

Due to the hard work, tough decisions, and structural reductions made by city officials and staff in previous years, the City was able to propose a balanced budget that maintained the City's fiscal integrity, addressed Council priorities, and maintained service levels. In FY 2015-16, the City replaced three patrol vehicles, one police administration vehicle and one fire administration vehicle. The City continued to fund step increases for Public Safety employees, as well as, an average 3% merit for general employees. Health insurance costs for the city decreased by 0.75%. The cost of health insurance also includes the shift of dependent coverage from 78.5% to 75%. The Utility Fund includes the second year of utility rate study that was adopted by the City Council in May 2014.

## **LONG TERM FINANCIAL PLAN**

The FY 2015-16 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 2016-2020 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 both the Water/Wastewater and the Storm Drainage Fund. For fiscal year ended September 30, 2016 the General Fund's unassigned fund balance is \$3,295,692, or 22% of annual budgeted expenditures. The unrestricted net position for the Water/Wastewater Fund is \$3,520,593 or 29% of annual budgeted expenditures and the unrestricted net position for the Storm Drainage is 75% of budgeted expenditures or \$764,436 for the fiscal year ended September 30, 2016.

As a result of the recent national economic recession, bond rating agencies have increased their scrutiny on the financial stability of local governments. In April 2016, Standard & Poor's Rating Services affirmed its "AA" rating on the City's general obligation debt. The rating agency attributed their opinion to various factors surrounding the city's financial stability, growth and financial policies and practices.

## **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, department (i.e., Public Works) and division (i.e., Parks & Recreation). Department Directors may make transfers of appropriations between divisions within a department. All 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.

The Investment Policy is updated, reviewed and approved annually. The purpose of the Investment Policy is to set forth specific investment 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 (FDIC) or are collateralized by governmental securities. The maturities of the investments range from 30 days to 36 months, with an average maturity of approximately 241 days. On September 30, 2016, the annualized yield on investments was .62%, compared to .49% for the same period in 2015. Funds available for investment at September 30, 2016 were \$24 million, which is an increase of \$10.5 million from 2015. The net increase in portfolio balance is due to the receipt of \$15 million in bond proceeds for the 2016 Certificates of Obligation that were issued in May 2016. Bond proceeds of \$3.65 million were expensed to purchase the Public Safety Facility. Operation expenditures include Public Safety Communications upgrade and legal fees. Capital expenditures include the repainting the elevated water storage tank, Shady Rest Lane reconstruction and the Lake Sharon road extension.

## **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, 2015. This was the seventh consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City 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 only one year. 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 City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2015. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories; including serving as a policy document, a financial plan, an operations guide, and a communications device.

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, Davis Kinard & Co, PC. Credit must also be given to the Mayor and City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Corinth and its finances.

Respectfully Submitted,

---

Bob Hart  
City Manager

---

Lee Ann Bunselmeyer  
Director of Finance & Administrative Services



Government Finance Officers Association

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

Presented to

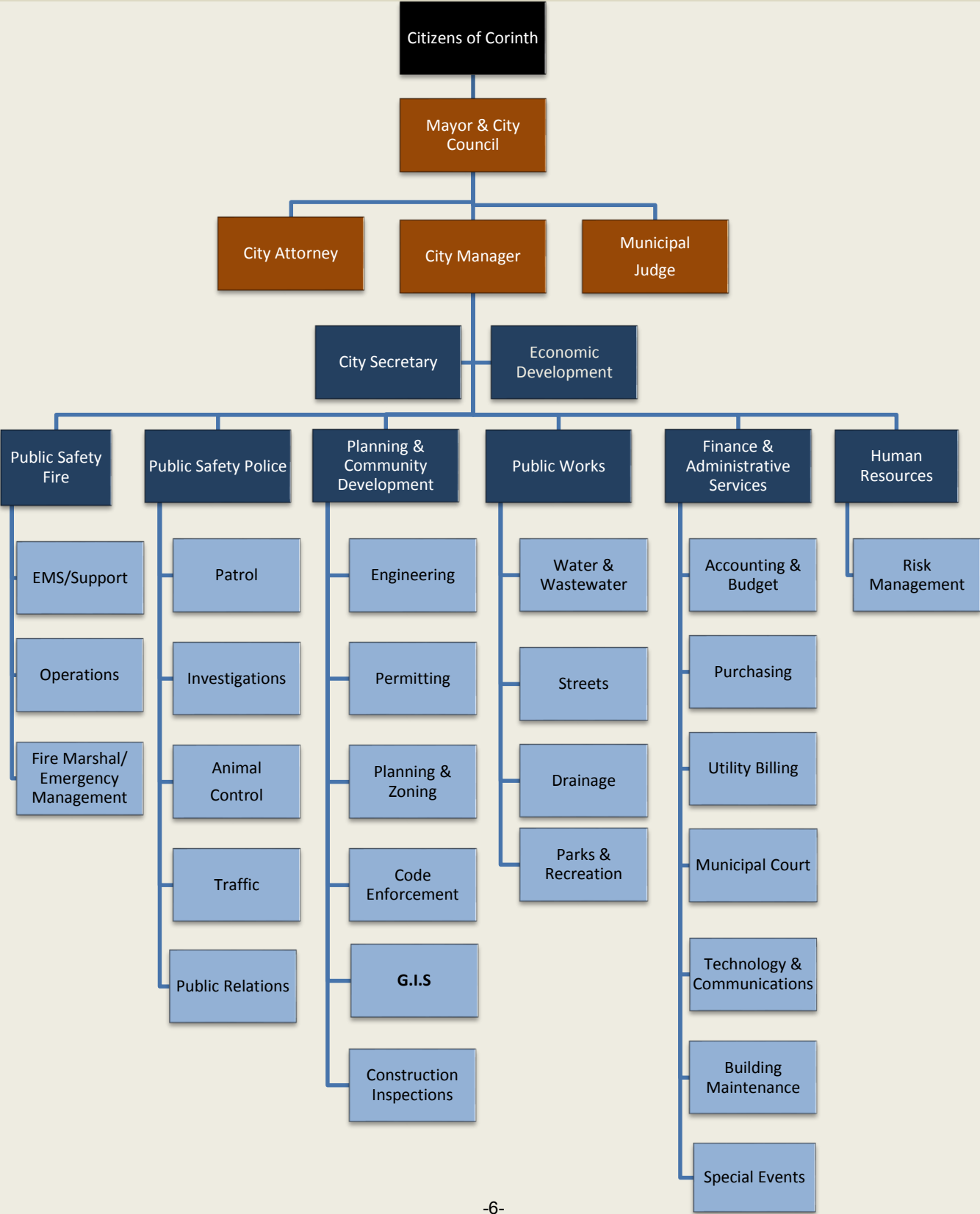
**City of Corinth  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO

# ORGANIZATIONAL CHART



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

**Elected Officials:**

Bill Heidemann  
Mayor

Sam Burke  
Council Place I

Scott Garber  
Council Place II

Lowell Johnson  
Council Place III

Joe Harrison  
Mayor Pro Tem, Council Place IV

Don Glockel  
Council Place V

**Appointed Officials:**

Bob Hart  
City Manager

Jason Alexander  
Director of Economic  
Development

Curtis Birt  
Fire Chief

Lee Ann Bunselmeyer  
Director of Finance & Administrative  
Services

Cody Collier  
Director of Public Works  
Operations

Fred Gibbs  
Director of Planning and  
Development Services

Guadalupe Ruiz  
Director of Human Resources

Debra Walthall  
Chief of Police



## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Corinth, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Corinth, Texas, (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***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.

### ***Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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, 2016, 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.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 11-19 and 61-65 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's basic financial statements as a whole. 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 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 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Davis Kinard & Co., PC*  
Certified Public Accountants

Abilene, Texas  
February 13, 2017

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

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, 2016. 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 the accompanying Letter of Transmittal and the basic financial statements.

**FINANCIAL HIGHLIGHTS**

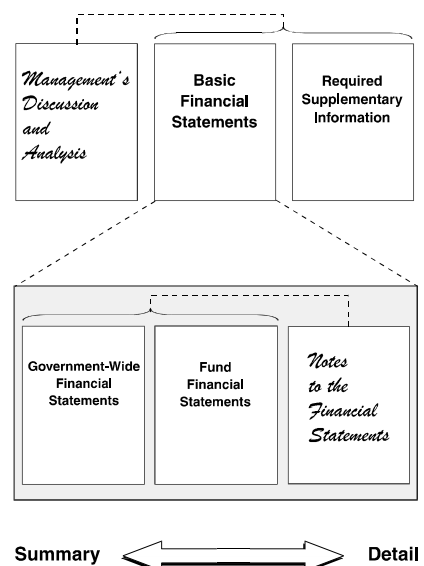
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$66,014,385.
- Total net position decreased \$1,053,890 from the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,286,456, an increase of \$11,938,179 in comparison with the prior year. This net increase is due to a bond sale in May 2016. Of the combined ending balances, \$2,853,726 or 15% is available for spending within the City's guidelines (*unassigned fund balance*).
- The City's unassigned fund balance for the general fund was \$3,295,962 or 22% of total general fund expenditures.
- Long term liabilities increased to \$44,969,256 during fiscal year 2016. The net increase is due to a bond sale of \$13 mil in May 2016.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's discussion and analysis is intended to serve as an introduction to the City of Corinth's basic financial statements. The City's financial statements are comprised of 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.

The basic financial statements include two types of statements that present different views of the City:

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



- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City reporting operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general governmental* 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 a business*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others to whom the resources in question belong.

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

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

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

The *statement of net 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).

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

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

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

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as, on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance 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-one 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 26 – 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.

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 Fund and the Storm Water Fund, both of which are considered to be major funds 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 38 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 \$66,014,385 at the close of the most recent fiscal year.

By far the largest portion of the City of Corinth's net position (\$57,505,386 or 87%) 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 (\$2,406,861 or 4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$6,102,138 or 9%) may be used to meet the City's ongoing obligations to citizens and creditors. The City currently has \$23,996,876 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, 2016**

**TABLE I**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>						
Current and Other Assets	\$ 23,594,016	\$ 11,602,074	\$ 6,521,230	\$ 8,179,129	\$ 30,115,246	\$ 19,781,203
Capital assets	51,304,769	49,521,596	31,248,756	31,779,350	82,553,525	81,300,946
Total assets	74,898,785	61,123,670	37,769,986	39,958,479	112,668,771	101,082,149
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflow s - pension	2,201,353	1,109,256	289,923	142,590	2,491,276	1,251,846
Deferred loss from refunding	51,183	31,820	19,024	23,310	70,207	55,130
Total Deferred Outflow s of Resources:	2,252,536	1,141,076	308,947	165,900	2,561,483	1,306,976
<b>LIABILITIES</b>						
Long-term liabilities outstanding	34,305,414	19,333,256	10,663,842	11,351,347	44,969,256	30,684,603
Other liabilities	2,690,668	2,719,666	863,511	1,673,762	3,554,179	4,393,428
Total liabilities	36,996,082	22,052,922	11,527,353	13,025,109	48,523,435	35,078,031
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflow s - pension	611,306	215,138	81,128	27,681	692,434	242,819
Total Deferred Inflow s of Resources	611,306	215,138	81,128	27,681	692,434	242,819
<b>NET POSITION</b>						
Net investment in capital assets	35,967,465	37,162,807	21,537,921	21,568,651	57,505,386	58,731,458
Restricted	1,759,359	1,066,371	647,502	645,963	2,406,861	1,712,334
Unrestricted	1,817,109	1,767,508	4,285,029	4,856,975	6,102,138	6,624,483
Total Net Position	\$ 39,543,933	\$ 39,996,686	\$ 26,470,452	\$ 27,071,589	\$ 66,014,385	\$ 67,068,275

**Government-wide activities.** As shown above, governmental activities decreased net position by \$452,753 and business-type activities decreased net position by \$601,137. A detailed examination of all the elements affecting net position can be found in Table II.

**TABLE II**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 4,872,566	\$ 4,696,469	\$ 11,751,505	\$ 11,684,011	\$ 16,624,071	\$ 16,380,480
Operating grants and contributions	189,114	299,613	-	-	189,114	299,613
Capital grants and contributions	332,872	380,748	1,448,393	607,013	1,781,265	987,761
General revenues						
Property taxes	9,663,535	9,291,409	-	-	9,663,535	9,291,409
Sales taxes	2,023,059	1,889,020	-	-	2,023,059	1,889,020
Franchise taxes	1,068,910	1,074,217	-	-	1,068,910	1,074,217
Hotel taxes	79,007	67,833	-	-	79,007	67,833
Miscellaneous	237,674	45,685	4,741	(391)	242,415	45,294
Investment interest	87,433	55,043	26,328	18,423	113,761	73,466
Gain (loss) on sale of capital assets	43,222	14,712	9,768	5,333	52,990	20,045
Total Revenues	18,597,392	17,814,749	13,240,735	12,314,389	31,838,127	30,129,138
<b>Expenses:</b>						
Public safety	9,331,392	8,937,222	-	-	9,331,392	8,937,222
Community services	1,734,299	1,855,018	-	-	1,734,299	1,855,018
Public works	4,471,115	4,661,909	-	-	4,471,115	4,661,909
Planning and community development	1,013,413	860,549	-	-	1,013,413	860,549
City administration	2,032,778	1,873,459	-	-	2,032,778	1,873,459
Finance and administrative services	878,384	746,482	-	-	878,384	746,482
Interest on long-term debt	747,838	613,346	-	-	747,838	613,346
Water and wastewater	-	-	12,157,058	11,107,570	12,157,058	11,107,570
Storm drainage	-	-	525,740	540,217	525,740	540,217
Total Expenses	20,209,219	19,547,985	12,682,798	11,647,787	32,892,017	31,195,772
Increase (decrease) in net position before transfers, contributions and special items	(1,611,827)	(1,733,236)	557,937	666,602	(1,053,890)	(1,066,634)
Net transfers	1,159,074	778,956	(1,159,074)	(778,956)	-	-
Increase (decrease) in net position	(452,753)	(954,280)	(601,137)	(112,354)	(1,053,890)	(1,066,634)
Net position - beginning	39,996,686	45,591,737	27,071,589	27,802,557	67,068,275	73,394,294
Prior Period Adjustment	-	(4,640,771)	-	(618,614)	-	(5,259,385)
Net position - ending	\$ 39,543,933	\$ 39,996,686	\$ 26,470,452	\$ 27,071,589	\$ 66,014,385	\$ 67,068,275

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**City of Corinth's Changes in Fund Balance.** The City's governmental funds increased fund balance by \$11,938,179. The increase can be attributed to the receipt of bond proceeds, as well as, the use of funds in the General Vehicle Replacement Fund, 2004 Tax Note Fund, 2007 CO Streets Fund, the 2007 CO Tech Fund and the 2010 CO Fire Fund for replacement vehicles and equipment and 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 increase to governmental fund balances and the \$452,753 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.

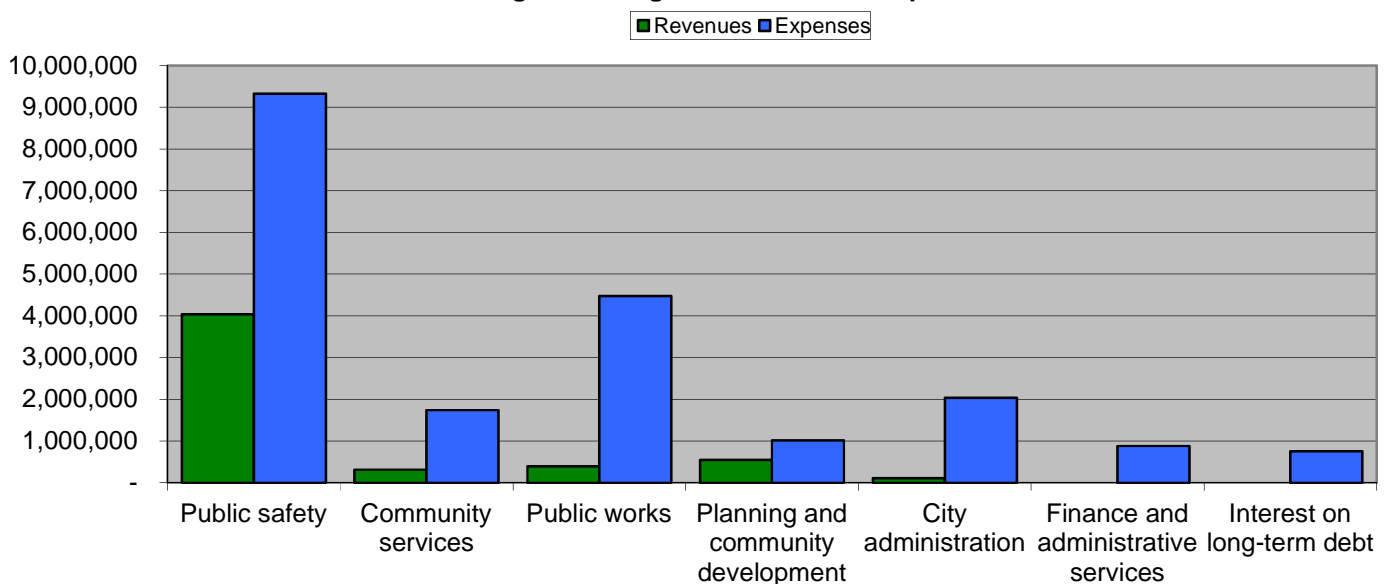
The following are the most significant factors in the reconciliation:

- 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 32 provides a detailed reconciliation between the statement of activities and the statement of revenues, expenditures and changes in fund balances of governmental funds.

**Governmental Activities.** Public safety, community services, public works, and planning and community development account for 82% of the expenses for the governmental activities. City administration, finance and administrative services and interest on long-term debt account for the remaining 18% of total expenses. These expenses were funded by revenues collected from a variety of sources. Property taxes produced \$9,663,535 or 49%, Charges for services accounted for \$4,872,566 or 25%, Sales tax received was \$2,023,059 or 10%, Franchise taxes provided \$1,068,910 or 5%, capital grants and contributions provided \$332,872 or 2% and operating grants and contributions provided \$189,114 or 1% for the governmental activities. The remaining 8% of revenue is made up of hotel occupancy tax, transfers, investment interest and other miscellaneous revenue. Figure 2 provides a graphic representation of the City's expenses and any directly related revenues by source.

**Figure 2: Program Revenues v. Expenses**

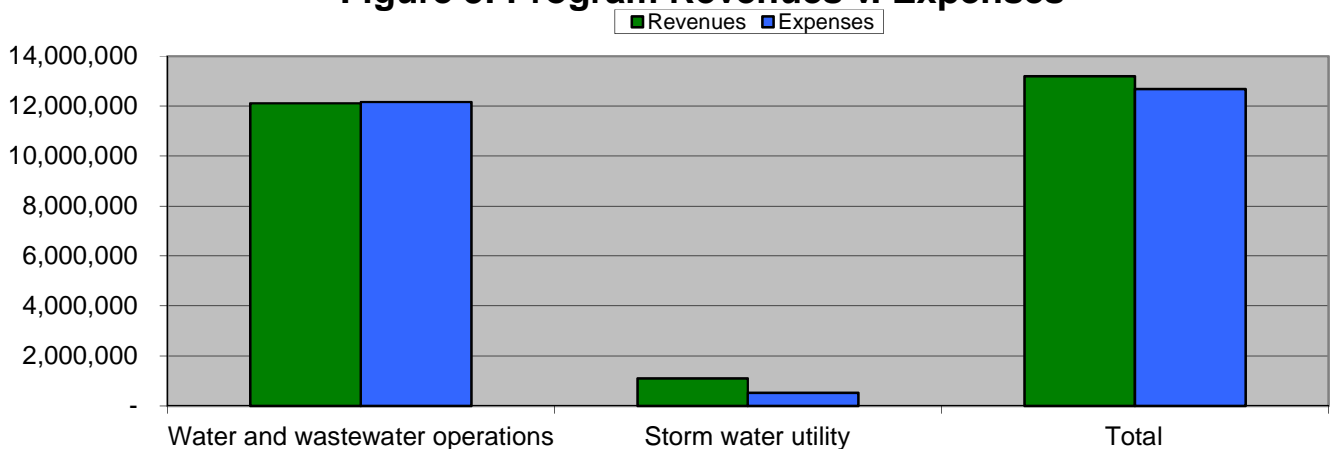


**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**Business-type Activities.** Business-type activities decreased the City's net position by \$601,137. Charges for Services is major revenue source in both the Water/Wastewater Fund and the Storm Drainage Fund, producing \$11,047,722 and \$703,783, respectively, in revenue. Charges for services account for 89% of the revenue. Contributions of assets arising from new property development within the City, totaled \$1,448,393 or 11% in revenue. Less than 1% of revenue is made up of investment interest and other miscellaneous revenue.

Total revenue from water and wastewater sales and services was \$11,047,722; associated costs of water, wastewater treatment, and operations and maintenance accounted for \$12,157,058 of the total business-type expenses of \$12,682,798. The remaining \$525,740 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$703,783 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.

**Figure 3: Program Revenues v. Expenses**



**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, unassigned 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 \$19,286,456, an increase of \$11,938,179 in comparison with the prior year. The net increase in combined ending fund balance is due to the following: a net increase in the General Fund balance of \$8,173, a net increase in the Debt Service Fund of \$122,834, a net increase of \$480,655 in other governmental funds and the addition of the 2016 CO Fund with a fund balance of \$11,326,517.

Of the combined total governmental fund balances of \$19,286,456, \$3,295,962 reflects the General Fund *unassigned* fund balance which is available for spending at the government's discretion. The fund balance that is designated as *restricted* is not available for new spending due to debt service amounts, specific programs, and construction projects amounts to \$347,254, \$1,696,426 and \$11,326,517, respectively. The fund balance that is designated as *committed*, \$2,623,387 represents those amounts committed to liquidate contracts or encumbrances. The fund balance amount designated as *non-spendable* is for prepaid items, \$194,898, and inventories, \$244,248.

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

*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 \$3,295,962 while total fund balance reached \$3,735,108. 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 22% of total General Fund expenditures, while total fund balance represents 25% of that same amount.

This year, in the General Fund, revenues were more than expected by a total of \$274,684. Traffic Fines, Parks & Recreation Fees, Miscellaneous Income, Donations, Franchise Fees, and Charges for Services were less than budget by \$70,348, \$27,189, \$27,098, \$13,300, \$7,925 and \$1,038, respectively. Sales Tax, Fire Services, Development Fees & Permits, Utility Fees, Interest Income, Property Taxes, and Police Fees & Permits were above budget by \$136,385, \$135,037, \$107,929, \$17,261, \$11,997, \$7,239, and \$5,734, respectively. The City budgeted for no growth in fiscal year 2016. While revenues were over budget by \$274,684, expenditures were under budget by \$399,725. The net effect at year end was an excess of \$8,173 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 \$347,254, all of which is restricted for the payment of debt service.

*2016 CO Fund.* This fund is used to track revenues and expenditures related to the 2016 CO Debt Issuance for Streets, Facility Renovations and Purchase of new Public Safety Facility.

*Other Governmental Funds.* The non-major governmental funds are the Crime Control and Prevention Fund, Street Maintenance Fund, Hotel-Motel Tax Fund, Keep Corinth Beautiful Fund, County Child Safety Fund, Special Revenue Funds, Municipal Court Security Fund, Municipal Court Technology Fund, Police Confiscation Fund – State, Police Confiscation Fund – Federal, Parks Development Fund, Community Park Improvement Fund, Tree Mitigation Fund, Roadway Impact Fee Fund, Governmental Capital Projects Fund, Vehicle Replacement Fund, LCFD Vehicle & Equipment Replacement Fund, Technology Equipment Replacement Fund, Street Escrow Fund, 2004 Tax Note Fund, 2007 CO Streets Fund, 2007 CO Tech Fund, 2010 CO Fire Fund and the 2016 Public Property Finance 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 \$44,593 more than budgeted, interest earnings were more than budgeted by \$507 and expenditures were \$40,076 less than budgeted. Due to the positive variances in revenues and expenditures, actual fund balance increased \$34,098.
- 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 \$34,149, interest earnings were more than budgeted by \$1,302 and expenditures were less than budget by \$26,303. These combined increased actual fund balance by \$218,330.

**Proprietary funds.** The City of Corinth's proprietary funds provide 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 \$33,025,576 and deferred outflows of resources of \$280,402 exceeded liabilities of \$9,710,004 and deferred inflows of resources of \$71,128, reporting net position of \$23,524,846. The net non-operating revenues and expenses were (\$355,982) which included investment interest and debt service interest, as well as, the sale of aging and obsolete capital assets at auction. The largest portion of the non-operating expenses was \$393,044 of interest expense. Unrestricted net position for the Water and Wastewater fund decreased from \$4,249,196 in fiscal year 2015 to \$3,520,593 for fiscal year 2016.

Storm Water utility fund assets of \$4,744,410 and deferred outflows of \$28,545 exceeded liabilities of \$1,817,349 and deferred inflows of resources of \$10,000, leaving total net position of \$2,945,606. Total net position increased \$19,155, unrestricted net position increased from \$607,779 to \$764,436. The storm water utility reported operating income of \$260,598 in fiscal year 2016. Net non-operating revenues and expenses were (\$78,780) which includes \$3,775 in interest income and \$82,555 in interest expense.



**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

For fiscal year 2015-16, General Fund actual expenditures (including transfers) were \$15,078,257 compared to the final budget of \$15,477,982. The \$399,725 expenditure variance was primarily due to reduced costs of \$230,095 for Community Services, \$67,137 in City Administration, \$53,318 in Public Works and \$37,816 in Public Safety. Actual revenue (including transfers) was \$15,086,430 compared to the final budget of \$14,830,982. Of the \$255,448 revenue variance, approximately \$136,385 was for increased Sales Tax collection, \$135,037 was due to an increase in Fire Service Charges and \$107,929 was due to increased Development Fees and Permits.

**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, 2016, amounts to \$82,553,525 (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, 2016.

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,595,762	\$ 2,466,298	\$ 497,399	\$ 497,399	\$ 3,093,161	\$ 2,963,697
CIP	4,462,332	1,359,999	388,642	349,267	4,850,974	1,709,266
Buildings	4,298,852	4,436,086	104,182	110,748	4,403,034	4,546,834
Machinery and equipment	5,566,641	4,798,402	398,116	467,770	5,964,757	5,266,172
Infrastructure	34,381,182	36,460,811	29,860,417	30,354,166	64,241,599	66,814,977
Total capital assets	\$ 51,304,769	\$ 49,521,596	\$ 31,248,756	\$ 31,779,350	\$ 82,553,525	\$ 81,300,946

Additional information on the City's capital assets can be found in the notes to the financial statements on page 48.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$33,130,000 consisting of General Obligation Bonds and Certificates of Obligation. Debt can be reallocated among the Governmental and Business-Type Activities to reflect the amount of outstanding debt related to capital projects. All debt payments were made when due. Total debt payments equaled \$2,570,000. Total outstanding debt increased by \$11,309,800 in fiscal year 2016 due to a bond sale and the addition of a new capital lease (see Note 6).

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$ 3,458,925	\$ 4,611,500	\$ 816,075	\$ 1,063,500	\$ 4,275,000	\$ 5,675,000
Certificates of Obligation and Tax Notes	20,102,388	7,388,904	8,752,612	9,341,096	28,855,000	16,730,000
Capital Lease Obligation	1,268,191	683,391	-	-	1,268,191	683,391
Total outstanding debt	\$ 24,829,504	\$ 12,683,795	\$ 9,568,687	\$ 10,404,596	\$ 34,398,191	\$ 23,088,391

Additional information on the City's long-term debt can be found in this report in the notes to the financial statements on page 51.

Moody's Investor's Service, Inc. has given the City's General Obligation Bond and the Certificates of Obligation a rating of "AA2". 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 20.01 percent.

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

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

The City continued to experience an increase in sales tax during FY 2015-16. 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 \$.58193 for fiscal year 2017. General operations and maintenance will receive \$.442980 of the total and the remaining \$.138950 will fund long-term debt of the City.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Corinth, 3300 Corinth Parkway, Corinth, Texas, 76208.



## BASIC FINANCIAL STATEMENTS



**CITY OF CORINTH, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

**Exhibit A-1**

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	Corinth Economic Development Corporation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,016,117	\$ 946,253	\$ 3,962,370	\$ 174,656
Investments	16,232,449	3,802,057	20,034,506	2,883,682
Receivables (net of allowance)				
Accounts	3,906,304	1,585,701	5,492,005	140,375
Inventories	244,248	187,219	431,467	
Prepaid items	194,898	-	194,898	
Capital assets not being depreciated				
Land	2,595,762	497,399	3,093,161	
Construction in progress	4,462,332	388,642	4,850,974	
Capital assets (net of accumulated depreciation)				
Buildings	4,298,852	104,182	4,403,034	
Machinery and equipment	5,566,641	398,116	5,964,757	
Infrastructure	34,381,182	29,860,417	64,241,599	
Total assets	74,898,785	37,769,986	112,668,771	3,198,713
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss from refunding	51,183	19,024	70,207	
Deferred outflows - pension	2,201,353	289,923	2,491,276	
Total Deferred Outflows of Resources	2,252,536	308,947	2,561,483	-
<b>LIABILITIES</b>				
Accounts payable	177,215	162,966	340,181	782
Accrued liabilities	318,806	46,093	364,899	4,295
Accrued interest payable	183,915	57,197	241,112	
Municipal court bonds	11,535	-	11,535	
Customer meter deposits	-	583,590	583,590	
Other liabilities	1,999,197	13,665	2,012,862	
Noncurrent Liabilities				
Due within one year	2,041,984	900,195	2,942,179	11,557
Due in more than one year	32,263,430	9,763,647	42,027,077	
Total liabilities	36,996,082	11,527,353	48,523,435	16,634
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension	611,306	81,128	692,434	
Total Deferred Inflows of Resources	611,306	81,128	692,434	-
<b>NET POSITION</b>				
Net investment in capital assets	35,967,465	21,537,921	57,505,386	
Restricted for capital projects	-	647,502	647,502	
Restricted for specific programs	1,565,688	-	1,565,688	
Restricted for debt service	193,671	-	193,671	
Restricted for economic development	-	-	-	3,182,079
Unrestricted	1,817,109	4,285,029	6,102,138	
Total net position	\$ 39,543,933	\$ 26,470,452	\$ 66,014,385	\$ 3,182,079

The accompanying notes are an integral part of these financial statements.

**CITY OF CORINTH, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
Public safety	\$ 9,331,392	\$ 3,960,494	\$ 77,014	\$ -
Community services	1,734,299	206,560	105,600	-
Public works	4,471,115	59,205	-	332,872
Planning and community development	1,013,413	540,906	-	-
City administration	2,032,778	105,401	6,500	-
Finance and administrative services	878,384	-	-	-
Interest on long-term debt	747,838	-	-	-
Total governmental activities	<u>20,209,219</u>	<u>4,872,566</u>	<u>189,114</u>	<u>332,872</u>
Business-type activities:				
Water and sewer	12,157,058	11,047,722	-	1,057,143
Storm drainage	525,740	703,783	-	391,250
Total business-type activities	<u>12,682,798</u>	<u>11,751,505</u>	<u>-</u>	<u>1,448,393</u>
Total primary government	<u>\$ 32,892,017</u>	<u>\$ 16,624,071</u>	<u>\$ 189,114</u>	<u>\$ 1,781,265</u>
Component unit				
Corinth Economic Development Corporation	<u>\$ 604,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Hotel occupancy tax

Investment income

Other income (expense)

Gain (loss) on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Corinth Economic Development Corporation
\$ (5,293,884)	\$ -	\$ (5,293,884)	
(1,422,139)	-	(1,422,139)	
(4,079,038)	-	(4,079,038)	
(472,507)	-	(472,507)	
(1,920,877)	-	(1,920,877)	
(878,384)	-	(878,384)	
(747,838)	-	(747,838)	
<u>(14,814,667)</u>	<u>-</u>	<u>(14,814,667)</u>	
-	(52,193)	(52,193)	
-	569,293	569,293	
-	<u>517,100</u>	<u>517,100</u>	
(14,814,667)	517,100	(14,297,567)	
			\$ <u>(604,412)</u>
9,663,535	-	9,663,535	-
2,023,059	-	2,023,059	679,427
1,068,910	-	1,068,910	-
79,007	-	79,007	-
87,433	26,328	113,761	18,127
237,674	4,741	242,415	-
43,222	9,768	52,990	-
<u>1,159,074</u>	<u>(1,159,074)</u>	<u>-</u>	<u>-</u>
<u>14,361,914</u>	<u>(1,118,237)</u>	<u>13,243,677</u>	<u>697,554</u>
(452,753)	(601,137)	(1,053,890)	93,142
<u>39,996,686</u>	<u>27,071,589</u>	<u>67,068,275</u>	<u>3,088,937</u>
<u>\$ 39,543,933</u>	<u>\$ 26,470,452</u>	<u>\$ 66,014,385</u>	<u>\$ 3,182,079</u>



**CITY OF CORINTH, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>2016 CO Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 84,337	\$ 72,485	\$ 832,712
Investments	2,978,878	274,178	10,561,519
Receivables (net of allowance)			
Property taxes	66,815	21,836	-
Sales taxes	250,170	-	-
Accounts	67,491	9,120	-
Interest	4,134	-	8,879
Warrants	2,751,668	-	-
Ambulance	134,339	-	-
Miscellaneous	317,838	-	-
Due from other governments	123,073	-	-
Inventories	244,248	-	-
Prepaid items	194,898	-	-
Total Assets	<u>\$ 7,217,889</u>	<u>\$ 377,619</u>	<u>\$ 11,403,110</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 83,925	\$ 33	\$ 76,593
Accrued liabilities	313,235	-	-
Municipal court bonds	11,535	-	-
Other liabilities	1,303,611	-	-
Total Liabilities	<u>1,712,306</u>	<u>33</u>	<u>76,593</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	1,770,475	30,332	-
Total Deferred Inflows of Resources	<u>1,770,475</u>	<u>30,332</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	439,146	-	-
Restricted	-	347,254	11,326,517
Committed	-	-	-
Unassigned	3,295,962	-	-
Total Fund Balances	<u>3,735,108</u>	<u>347,254</u>	<u>11,326,517</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,217,889</u>	<u>\$ 377,619</u>	<u>\$ 11,403,110</u>

The accompanying notes are an integral part of these financial statements.

<u>Other Governmental Funds</u>	<u>Total Governmental</u>
\$ 2,026,583	\$ 3,016,117
2,417,874	16,232,449
-	88,651
116,210	366,380
-	76,611
2,218	15,231
-	2,751,668
-	134,339
32,513	350,351
-	123,073
-	244,248
-	194,898
<u>\$ 4,595,398</u>	<u>\$ 23,594,016</u>
\$ 16,664	\$ 177,215
5,571	318,806
-	11,535
<u>695,586</u>	<u>1,999,197</u>
717,821	2,506,753
-	1,800,807
-	1,800,807
-	439,146
1,696,426	13,370,197
2,623,387	2,623,387
(442,236)	2,853,726
<u>3,877,577</u>	<u>19,286,456</u>
<u>\$ 4,595,398</u>	<u>\$ 23,594,016</u>

**CITY OF CORINTH, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2016**

**Exhibit A-4**

Total Fund Balances - Governmental Funds	\$	19,286,456
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		51,304,769
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. As a result, these liabilities decrease net position:		
Capital leases payable		(1,268,191)
Bonds payable		(25,577,551)
Accrued compensated absences		(994,772)
Deferred loss on bond refunding is not included in the governmental funds but is deferred and amortized in the government wide statements.		51,183
Payables for bond interest which are not due in the current period are not reported in the fund financial statements but are included in the statement of net position. This results in a decrease in net position.		(183,915)
Included in liabilities is the recognition of the City's net pension liability in the amount of \$6,464,900, a deferred inflow of resources of \$611,306 and a deferred outflow of resources of \$2,201,353. This results in a decrease in net position.		(4,874,853)
Other adjustments are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. Net property taxes receivable of \$86,088, net fines, fees and court costs receivable of \$1,513,400, net fees for ambulance receivables of \$134,339 and net receivables for other items of \$66,980 were unavailable to pay for the current period expenditures and are deferred inflows in the governmental funds but are recognized as revenue in the government wide statements. This results in an increase in net position.		<u>1,800,807</u>
Net position of governmental activities	\$	<u><u>39,543,933</u></u>

The accompanying notes are an integral part of these financial statements.



**CITY OF CORINTH, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>2016 CO Fund</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 7,274,662	\$ 2,361,370	\$ -
Sales	1,374,704	-	-
Hotel occupancy tax	-	-	-
Franchise	1,068,910	-	-
Escrow and impact fees	-	-	-
Utility fees	29,761	-	-
Traffic fines & forfeitures	682,806	-	-
Development fees & permits	488,866	-	-
Police fees & permits	29,834	-	-
Parks & recreation fees	147,343	-	-
Fire services	2,588,688	-	-
Donations	1,700	-	-
Interest income	40,127	2,482	23,820
Grants	-	-	-
Miscellaneous income	31,502	-	-
Charges for services	479,576	-	-
Total revenues	<u>14,238,479</u>	<u>2,363,852</u>	<u>23,820</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	8,367,080	-	-
Community services	1,432,919	-	-
Public works	771,293	-	-
Planning and community development	965,581	-	-
City administration	2,106,266	-	-
Finance and administrative services	862,114	-	-
Debt service:			
Principal	-	1,729,692	-
Interest	-	547,913	216,030
Capital outlay:			
Public safety	-	-	3,727,303
Total expenditures	<u>14,505,253</u>	<u>2,277,605</u>	<u>3,943,333</u>
Excess (Deficiency) of Revenues over Expenditures	(266,774)	86,247	(3,919,513)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from issuance of debt	-	1,208,988	15,246,030
Proceeds from sale of capital assets	-	-	-
Payments to bond refunding agent	-	(1,179,213)	-
Transfers out	(573,004)	-	-
Transfers in	847,951	6,812	-
Total Other Financing Sources (Uses)	<u>274,947</u>	<u>36,587</u>	<u>15,246,030</u>
Net Change in Fund Balance	8,173	122,834	11,326,517
Fund Balance - October 1 (Beginning)	3,726,935	224,420	-
Fund Balance - September 30 (Ending)	<u>\$ 3,735,108</u>	<u>\$ 347,254</u>	<u>\$ 11,326,517</u>

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 9,636,032
648,355	2,023,059
79,007	79,007
-	1,068,910
59,205	59,205
-	29,761
30,046	712,852
-	488,866
31,958	61,792
10,365	157,708
91,699	2,680,387
184,520	186,220
21,004	87,433
3,144	3,144
258,303	289,805
-	479,576
<u>1,417,606</u>	<u>18,043,757</u>
1,335,903	9,702,983
74,607	1,507,526
950,688	1,721,981
15,570	981,151
67,543	2,173,809
-	862,114
76,895	1,806,587
20,642	784,585
-	3,727,303
<u>2,541,848</u>	<u>23,268,039</u>
(1,124,242)	(5,224,282)
661,695	17,116,713
65,887	65,887
-	(1,179,213)
(10,525)	(583,529)
<u>887,840</u>	<u>1,742,603</u>
<u>1,604,897</u>	<u>17,162,461</u>
480,655	11,938,179
3,396,922	7,348,277
<u>\$ 3,877,577</u>	<u>\$ 19,286,456</u>

**CITY OF CORINTH, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Exhibit A-6

Net Change in Fund Balances - Total Governmental Funds \$ 11,938,179

Amounts reported for governmental activities in the statement of activities are different because:

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. 6,499,287

The net book value of capital assets disposed reduces net position. (22,666)

Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. (4,693,448)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of bonds	\$ (14,452,800)	
Issuance of bond premium	(2,002,217)	
Issuance of capital lease	(661,695)	
Current year deferred loss on bond refunding	(48,881)	
Bond principal repayments	2,891,892	
Capital lease repayment	76,895	
Amortization of premium	129,177	
Amortization of deferred loss on bond refunding	68,244	
		(13,999,385)

Changes in long-term liabilities for compensated absences are not reported in the governmental funds but are included in the statement of activities. 8,488

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year change in the interest accrual is an increase of \$94,780. The effect is to decrease net position. (94,780)

Certain pension expenditures that are recorded in the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$990,935. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's pension expense must be recognized. These cause the change in net position to decrease in the amount of \$1,256,904. The net effect is a decrease in net position. (265,969)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of resources as revenue, adjusting current year revenue to include the revenue earned from current year's tax levy, and eliminating interfund transactions. These adjustments result in an increase in net position. 177,541

Change in Net Position of Governmental Activities \$ (452,753)

The accompanying notes are an integral part of these financial statements.

**CITY OF CORINTH, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2016**

**Exhibit A-7**

	Enterprise Funds		
	Water and Sewer Fund	Storm Drainage Fund	Total Enterprise Funds
<b>ASSETS</b>			
Current assets:			
Cash	\$ 794,711	\$ 151,542	\$ 946,253
Investments	3,102,519	699,538	3,802,057
Receivables (net of allowances for uncollectibles):			
Accounts	1,496,209	82,783	1,578,992
Interest	2,385	719	3,104
Miscellaneous	3,605	-	3,605
Inventories	172,269	14,950	187,219
Total Current Assets	5,571,698	949,532	6,521,230
Non-current assets:			
Capital Assets			
Land	485,399	12,000	497,399
Construction in progress	388,642	-	388,642
Buildings	252,345	-	252,345
Machinery and equipment	1,348,925	275,009	1,623,934
Infrastructure	40,582,804	5,142,232	45,725,036
Less accumulated depreciation	(15,604,237)	(1,634,363)	(17,238,600)
Total Capital Assets (net of accumulated depreciation)	27,453,878	3,794,878	31,248,756
Total assets	33,025,576	4,744,410	37,769,986
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	19,024	-	19,024
Deferred outflows - pension	261,378	28,545	289,923
Total deferred outflows of resources	280,402	28,545	308,947
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	161,936	1,030	162,966
Accrued liabilities	41,763	4,330	46,093
Accrued interest payable	46,748	10,449	57,197
Customer deposits	583,590	-	583,590
Other liabilities	-	13,665	13,665
Compensated absences	94,705	2,282	96,987
Current portion of bonds	685,201	118,007	803,208
Total current liabilities	1,613,943	149,763	1,763,706
Non-current liabilities:			
Net pension liability	755,804	81,192	836,996
General obligation bonds	7,340,257	1,586,394	8,926,651
Total Noncurrent Liabilities	8,096,061	1,667,586	9,763,647
Total Liabilities	9,710,004	1,817,349	11,527,353
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension	71,128	10,000	81,128
Total Deferred Inflows of Resources	71,128	10,000	81,128
<b>NET POSITION</b>			
Net investment in capital assets	19,447,444	2,090,477	21,537,921
Restricted for capital projects	556,809	90,693	647,502
Unrestricted	3,520,593	764,436	4,285,029
Total net position	\$ 23,524,846	\$ 2,945,606	\$ 26,470,452

The accompanying notes are an integral part of these financial statements.



**CITY OF CORINTH, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit A-8**

	Enterprise Funds		
	Water and Sewer Fund	Storm Drainage Fund	Total Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for sales and services:			
Water sales	\$ 5,550,353	\$ -	\$ 5,550,353
Sewer disposal	4,308,134	-	4,308,134
Storm drainage fees	-	695,050	695,050
Garbage	795,023	-	795,023
Penalties and reconnect fees	179,242	-	179,242
Tap fees	111,651	-	111,651
Service fees	68,113	-	68,113
Inspections	35,206	8,733	43,939
Total Operating Revenues	11,047,722	703,783	11,751,505
<b>OPERATING EXPENSES</b>			
Wages & benefits	1,546,452	118,075	1,664,527
Professional services and contracts	2,265,685	52,519	2,318,204
Maintenance and operations	434,257	7,325	441,582
Supplies	74,691	5,600	80,291
Utilities and communication	5,372,011	6,003	5,378,014
Vehicles/equipment and fuel	104,960	9,377	114,337
Travel and training	10,418	-	10,418
Capital outlay	66,623	-	66,623
Depreciation	1,888,917	244,286	2,133,203
Total Operating Expenses	11,764,014	443,185	12,207,199
Operating Income (Loss)	(716,292)	260,598	(455,694)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	22,553	3,775	26,328
Miscellaneous income (expense)	4,741	-	4,741
Gain (loss) on sale of capital assets	9,768	-	9,768
Interest expense	(393,044)	(82,555)	(475,599)
Total Non-operating Revenues (Expenses)	(355,982)	(78,780)	(434,762)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(1,072,274)	181,818	(890,456)
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Special assessment - water and sewer impact fees	144,666	-	144,666
Capital contributions	912,477	391,250	1,303,727
Transfers in	228,530	-	228,530
Transfers out	(833,691)	(553,913)	(1,387,604)
Total Contributions and Transfers	451,982	(162,663)	289,319
Change in Net Position	(620,292)	19,155	(601,137)
Net Position, Beginning	24,145,138	2,926,451	27,071,589
Net Position, Ending	\$ 23,524,846	\$ 2,945,606	\$ 26,470,452

The accompanying notes are an integral part of these financial statements.



**CITY OF CORINTH, TEXAS  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit A-9**

	Enterprise Funds		
	Water and Sewer Fund	Storm Drainage Fund	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 11,288,017	\$ 703,028	\$ 11,991,045
Payments to or on behalf of employees	(1,470,588)	(119,396)	(1,589,984)
Payments to suppliers	(9,028,351)	(196,554)	(9,224,905)
Net cash provided by operating activities	789,078	387,078	1,176,156
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	(833,691)	(553,913)	(1,387,604)
Transfers in	228,530	-	228,530
Net cash used by noncapital financing activities	(605,161)	(553,913)	(1,159,074)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributions	-	140,000	140,000
Acquisition of capital assets	(379,179)	(59,703)	(438,882)
Proceeds from issuance of debt	332,200	-	332,200
Principal paid on bonds	(1,059,147)	(108,961)	(1,168,108)
Interest paid on bonds	(397,972)	(86,317)	(484,289)
Proceeds from sale of assets	9,768	-	9,768
Special assessments- impact fees	144,666	-	144,666
Net cash used by capital and related financing activities	(1,349,664)	(114,981)	(1,464,645)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) decrease in short-term investments	1,161,393	(100,143)	1,061,250
Interest received	26,304	3,345	29,649
Net cash provided (used) by investing activities	1,187,697	(96,798)	1,090,899
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	21,950	(378,614)	(356,664)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	772,761	530,156	1,302,917
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 794,711	\$ 151,542	\$ 946,253

The accompanying notes are an integral part of these financial statements.

**CITY OF CORINTH, TEXAS  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Enterprise Funds		
	Water and Sewer Fund	Storm Drainage Fund	Total Enterprise Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating (loss) income	\$ (716,292)	\$ 260,598	\$ (455,694)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and amortization	1,888,917	244,286	2,133,203
(Increase) decrease in accounts receivable	218,295	(755)	217,540
(Increase) decrease in inventories	23,722	143	23,865
Increase (decrease) in accounts payable	(723,428)	(129,538)	(852,966)
Increase (decrease) in customer deposits	22,000	-	22,000
Increase (decrease) in accrued liabilities	75,864	12,344	88,208
Net cash provided by operating activities	<u>\$ 789,078</u>	<u>\$ 387,078</u>	<u>\$ 1,176,156</u>
 <b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>			
Infrastructure contributed by developers	\$ 912,477	\$ 251,250	\$ 1,163,727

The accompanying notes are an integral part of these financial statements.

## CITY OF CORINTH, TEXAS

### NOTES TO FINANCIAL STATEMENTS

#### Note 1: REPORTING ENTITY

The City of Corinth, Texas (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.

The financial statements of the City have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in the financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Based on the criteria above, the City has the following component units:

**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. The CCD provides services entirely to the City. 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. 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.

## CITY OF CORINTH, TEXAS

### NOTES TO FINANCIAL STATEMENTS

#### **Note 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, 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 the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 and other items not properly included among program revenue are reported instead as *general revenue*.

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

#### **Note 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end 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, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, certain charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Note 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (continued)**

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The **2016 CO Fund** is used to account for the resources accumulated for the issuance of the 2016 \$13,275,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation.

The City reports the following major proprietary fund types:

**Water and Sewer Fund** — The Water and Sewer 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 Sewer 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:

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

Ten nonmajor capital projects 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

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 City's enterprise 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 include cost of sales and services, administrative expenses and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## CITY OF CORINTH, TEXAS

### NOTES TO FINANCIAL STATEMENTS

#### **Note 4: ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**

##### Cash and Cash Equivalents

For purposes of the statement of cash flows for the proprietary fund types, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

##### Investments

Investments for the City and CEDC are reported at fair value (generally based on quoted market prices), except for the positions in TexPool and TexSTAR. In accordance with state law, TexPool and TexSTAR operate in conformity with the requirements of the Securities and Exchange Commission's (SEC) Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool and TexSTAR qualify as 2a-7 like pools and are reported at the net asset value per share (which approximates fair value) even though they are calculated using the amortized cost method. The Pools are subject to regulatory oversight by the State Comptroller, although they are not registered with the SEC.

##### Fair Value Measurements

The City adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

##### Receivables and Payables

Activity 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.



## CITY OF CORINTH, TEXAS

### NOTES TO FINANCIAL STATEMENTS

#### **Note 4: ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)**

##### Inventory

Inventory is 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.

##### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The City has a deferred charge on bond refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows of resources for its deferred outflow related to pensions as described in Note 7.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines, ambulance services and other items. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows of resources for its deferred inflow related to pensions as described in Note 7.

##### 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 as well as the proprietary fund 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.

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Note 4: ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)**

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. 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

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 statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 are reported as debt service expenditures.

Compensated Absences

Accumulated earned but unused vacation is accrued when incurred in the government-wide and proprietary fund financial statements. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1<sup>st</sup> of each year. Taxes are levied on and payable the following October 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2016, was \$.58489 per \$100 of assessed valuation.

## CITY OF CORINTH, TEXAS

### NOTES TO FINANCIAL STATEMENTS

#### **Note 4: ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)**

##### Fund Balance

The City classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions:

*Nonspendable* fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City had \$244,248 and \$194,898 in nonspendable fund balance for inventory and prepaid items, respectively, at September 30, 2016.

*Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Debt service fund balance restricted for the retirement of funded indebtedness totaled \$347,254 as of September 30, 2016. Fund balance restricted for future capital projects totaled \$11,326,517 and \$130,738. Special revenue fund balance restricted for specific programs included crime control and prevention, street maintenance, hotel motel tax, Keep Corinth Beautiful, County Child Safety, special revenue, municipal court security fund, municipal court technology fund, Parks Development, and Community Park Improvement Fund and totaled \$251,535, \$699,724, \$170,098, \$24,350, \$26,499, \$37,939, \$49,373, \$29,578, \$103,900 and \$12,050 respectively, as of September 30, 2016.

*Committed* fund balance is established and modified by a resolution from City Council, the City's highest level of decision-making authority, and can be used only for the specified purposes determined by the Council's resolution. Special revenue fund balance committed for specific programs consisted of fund balance committed to special revenue and parks development totaling \$227,142 and \$133,897, respectively, as of September 30, 2016. Capital project fund balances committed for future projects included the governmental capital projects, vehicle replacement, LCFD vehicle and equipment replacement, tech equipment replacement, and street escrow and totaled \$1,839,359, \$41,677, \$199,450, \$29,747, and \$152,115, respectively, as of September 30, 2016.

*Assigned* fund balance includes the portion of net resources for which an intended use has been established by the City Council or the City Official authorized to do so by the City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund is intended to be used by the City for specific purposes but does not meet the criteria to be classified as restricted or committed. The Council has authorized the City Manager to assign fund balance. The City had no assigned fund balance as of September 30, 2016.

*Unassigned* fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

##### Minimum fund balance policy

The City Council has adopted a financial policy to maintain an unassigned fund balance in the general fund equal to 20% of expenditures and in the water and sewer fund and storm drainage fund equal to 25% of expenditures. The City considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

## CITY OF CORINTH, TEXAS

### NOTES TO FINANCIAL STATEMENTS

#### **Note 4: ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)**

##### Flow Assumptions

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City'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, then unassigned fund balance.

#### **Note 5: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### Budgetary Information

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, Parks Development, Keep Corinth Beautiful, County Child Safety, Police Confiscation, Community Parks Improvement, Tree Mitigation, and Roadway Impact Fee 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.

##### Deficit fund equity

At September 30, 2016, a fund deficit of \$442,236 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.

#### **Note 6: DETAILED NOTES ON ALL FUNDS**

##### Cash and Investments

*Custodial Credit Risk.* Cash deposits of the City and CEDC at September 30, 2016, were entirely covered by FDIC insurance and pledged collateral held by the City's agent bank.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) Texas local government investment pools; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (b) secured by obligations that are described by (1) – (4); (6) and reverse repurchase agreements not to exceed 90 days to stated maturity.

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

Following are the City's investments at September 30, 2016, including classification by level, within the fair value hierarchy:

**Primary Government**

<u>Investment Pools</u>	<u>Fair Value</u>	<u>Level</u>	<u>S&amp;P Rating</u>	<u>Weighted Average Maturity</u>			
TexSTAR	\$ 5,922,657	n/a	AAAm	< 60 days			
					<u>Investment Maturity in Years</u>		
					<u>Less than 1 Year</u>	<u>1 - 5</u>	<u>More than 5</u>
<u>Other Investments</u>							
U.S. Government							
Backed Securities	11,309,786	Level 2	AA+	\$ 3,215,000	\$ 8,094,786	\$ -	
Money market	2,783,440	Level 1	n/a	2,783,440	-	-	
Total	14,093,226			\$ 5,998,440	\$ 8,094,786	\$ -	
Less: reconciling items	18,623						
Total Investments	\$ 20,034,506						

**CEDC**

<u>Investment Pools</u>	<u>Fair Value</u>	<u>Level</u>	<u>S&amp;P Rating</u>	<u>Weighted Average Maturity</u>			
TexPool	\$ 953,468	n/a	AAAm	< 60 days			
					<u>Investment Maturity in Years</u>		
					<u>Less than 1 Year</u>	<u>1 - 5</u>	<u>More than 5</u>
<u>Other Investments</u>							
U.S. Government							
Backed Securities	1,930,214	Level 2	AA+	\$ -	\$ 1,930,214	\$ -	
Total Investments	\$ 2,883,682			\$ -	\$ 1,930,214	\$ -	

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

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 Investment Management, Inc. and First Southwest and is rated AAAm by Standard and Poor's.

*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 limits weighted average days to maturity for the operating funds portfolio to less than 270 days.

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

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.

*Credit Risk.* State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2016, the City's investments in TexPool and TexSTAR were both rated AAAm by Standard & Poor's.

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

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

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

Capital Assets

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Ending Balance</u>
<b>Governmental activities:</b>							
Capital assets, not being depreciated:							
Land	\$ 2,466,298	\$	129,464	\$	-	\$	2,595,762
Construction in progress	<u>1,359,999</u>		<u>4,638,220</u>		<u>1,535,887</u>		<u>4,462,332</u>
Total assets not being depreciated	3,826,297		4,767,684		1,535,887		7,058,094
Capital assets, being depreciated:							
Buildings	6,656,127		69,092		-		6,725,219
Machinery and equipment	9,802,766		1,676,056		334,660		11,144,162
Infrastructure	<u>93,861,885</u>		<u>1,522,342</u>		<u>-</u>		<u>95,384,227</u>
Total capital assets being depreciated	110,320,778		3,267,490		334,660		113,253,608
Less accumulated depreciation:							
Buildings	2,220,041		206,326		-		2,426,367
Machinery and equipment	5,004,364		885,151		311,994		5,577,521
Infrastructure	<u>57,401,074</u>		<u>3,601,971</u>		<u>-</u>		<u>61,003,045</u>
Total accumulated depreciation	64,625,479		4,693,448		311,994		69,006,933
Total capital assets being depreciated, net	<u>45,695,299</u>		<u>(1,425,958)</u>		<u>22,666</u>		<u>44,246,675</u>
Governmental activities capital assets, net	<u>\$ 49,521,596</u>	\$	<u>3,341,726</u>	\$	<u>1,558,553</u>	\$	<u>51,304,769</u>

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

	Beginning Balance	Additions	Deletions	Ending Balance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 497,399	\$ -	\$ -	\$ 497,399
Construction in progress	349,267	378,842	339,467	388,642
Total assets not being depreciated	<u>846,666</u>	<u>378,842</u>	<u>339,467</u>	<u>886,041</u>
Capital assets, being depreciated:				
Buildings	252,345	-	-	252,345
Machinery and equipment	1,643,054	27,040	46,160	1,623,934
Infrastructure	44,188,842	1,536,194	-	45,725,036
Total capital assets being depreciated	<u>46,084,241</u>	<u>1,563,234</u>	<u>46,160</u>	<u>47,601,315</u>
Less accumulated depreciation:				
Buildings	141,597	6,566	-	148,163
Machinery and equipment	1,175,284	96,694	46,160	1,225,818
Infrastructure	13,834,676	2,029,943	-	15,864,619
Total accumulated depreciation	<u>15,151,557</u>	<u>2,133,203</u>	<u>46,160</u>	<u>17,238,600</u>
Total capital assets being depreciated, net	<u>30,932,684</u>	<u>(569,969)</u>	<u>-</u>	<u>30,362,715</u>
Business-type activities capital assets, net	<u>\$ 31,779,350</u>	<u>\$ (191,127)</u>	<u>\$ 339,467</u>	<u>\$ 31,248,756</u>

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

Governmental activities:	
Public safety	\$ 656,182
Community services	214,271
Public works	3,620,208
Planning and community development	9,943
City administration	192,294
Finance and administrative services	550
Total depreciation expense - governmental activities	<u>\$ 4,693,448</u>
Business-type activities	
Water and sewer	\$ 1,888,917
Storm drainage	244,286
Total depreciation expense - business-type activities	<u>\$ 2,133,203</u>



**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

Interfund Transfers

The composition of interfund transfers in/out as of September 30, 2016, is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Water and Sewer	\$ 710,626	Administrative Allocation
General	Storm Drainage	57,330	Administrative Allocation
General	Nonmajor	1	Close Out Fund
General	Water and Sewer	79,994	Budgeted Transfer
Debt Service	Nonmajor	6,812	Debt repayments
Nonmajor	General	180,000	Budgeted Transfer
Nonmajor	General	50,000	Budgeted Transfer
Nonmajor	General	146,965	Budgeted Transfer
Nonmajor	General	22,150	Budgeted Transfer
Nonmajor	Water and Sewer	3,501	Budgeted Transfer
Nonmajor	Storm Drainage	250	Budgeted Transfer
Nonmajor	Nonmajor	3,712	CIP Reallocation
Nonmajor	Water and Sewer	39,570	CIP Reallocation
Nonmajor	Storm Drainage	424,184	CIP Reallocation
Nonmajor	General	17,508	Budgeted Transfer
Water and Sewer	General	156,381	Administrative Allocation
Water and Sewer	Storm Drainage	35,187	Administrative Allocation
Water and Sewer	Storm Drainage	25,000	Budgeted Transfer
Water and Sewer	Storm Drainage	11,962	CIP Reallocation
		<u>\$ 1,971,133</u>	

Long-term Obligations

Long-term obligations of the City's governmental activities consist of general obligation bonds and certificates of obligation. Sources of retirement of general obligation bond and certificates of obligation are provided from ad valorem tax. Governmental activities long-term obligations are paid by the debt service fund.

Long-term obligations of the City's business-type activities consist of general obligation bonds and certificates of obligation. Business-type activities long-term obligations are serviced by revenue from the Water and Sewer and Storm Drainage systems.

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

Governmental activity capital lease payments are currently being made from the LCFD Vehicle and Equipment Replacement Fund.

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

On April 15, 2016, the City issued \$1,510,000 in General Obligation Refunding Bonds, Series 2016. Proceeds from the sale of the bonds were used to partially refund the General Obligation Refunding Bonds, Series 2005, and to pay costs associated with the issuance of the bonds. The bonds were issued at a premium of \$39,984. The bonds issued consisted of current interest bonds of \$1,510,000 with interest at 2.0% paid through 2020. The City advance refunded the General Obligation Refunding Bonds, Series 2005 to increase its total debt service payments over 5 years by \$4,563 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$46,990. The City intends to retire all of its general obligation bonds, plus interest, from future ad valorem tax levies. The City designates a portion of its tax rate for debt service in order to comply with the ordinance to create from such tax revenues, a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due.

The following is a summary of changes in long-term obligations for the year ended September 30, 2016:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Certificates of obligation	\$ 7,388,906	\$ 13,275,000	\$ (561,517)	\$ 20,102,389	\$ 587,810
General obligation bonds	4,611,500	1,177,800	(2,330,375)	3,458,925	777,150
Bond premiums/discounts (net)	143,197	2,002,217	(129,177)	2,016,237	118,813
Compensated absences	1,003,260	466,014	(474,502)	994,772	419,772
Capital lease obligation	683,391	661,695	(76,895)	1,268,191	138,439
Net pension liability	5,503,002	961,898	-	6,464,900	-
Total Governmental Activities	\$ 19,333,256	\$ 18,544,624	\$ (3,572,466)	\$ 34,305,414	\$ 2,041,984
<b>Business-type activities</b>					
General obligation bonds	\$ 1,063,500	\$ 332,200	\$ (579,625)	\$ 816,075	\$ 167,850
Certificates of obligation	9,341,092	-	(588,483)	8,752,609	617,190
Bond premiums/discounts (net)	173,470	8,797	(21,092)	161,175	18,168
Compensated absences	66,055	96,987	(66,055)	96,987	96,987
Net pension liability	707,230	129,766	-	836,996	-
Total Business Type Activities	\$ 11,351,347	\$ 567,750	\$ (1,255,255)	\$ 10,663,842	\$ 900,195
<b>Total long-term obligations</b>	<b>\$ 30,684,603</b>	<b>\$ 19,112,374</b>	<b>\$ (4,827,721)</b>	<b>\$ 44,969,256</b>	<b>\$ 2,942,179</b>

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

The following is a schedule of the General Obligation and Certificates of Obligation bonds:

	Date of Issue	Amount of Original Issue	Interest Rate	Maturity Date	Governmental Amount Outstanding 9/30/2016	Business Type Amount Outstanding 9/30/2016
General Obligation	2/1/2007	5,250,000	3.78%-4.49%	2/15/2021	\$ 2,281,125	\$ 483,875
Certificates of Obligation	8/16/2007	23,630,000	4.50%-5.25%	2/15/2027	6,492,389	8,752,609
Certificates of Obligation	4/15/2010	1,500,000	1.95%-3.35%	2/15/2020	335,000	-
Certificates of Obligation	4/21/2016	13,275,000	2.00%-5.00%	2/15/2036	13,275,000	-
General Obligation	4/21/2016	1,510,000	2.00%	2/15/2020	1,177,800	332,200
					<u>\$ 23,561,314</u>	<u>\$ 9,568,684</u>

The annual requirements to retire general long-term debt, including interest, as of September 30, 2016 are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2017	\$ 1,364,960	\$ 1,124,116	\$ 2,489,076
2018	1,569,112	930,028	2,499,140
2019	1,542,577	870,876	2,413,453
2020	1,576,424	817,770	2,394,194
2021	1,232,002	772,386	2,004,388
2022-2026	6,429,577	2,990,870	9,420,447
2027-2031	4,811,661	1,513,931	6,325,592
2032-2036	5,035,001	519,500	5,554,501
Total	<u>\$ 23,561,314</u>	<u>\$ 9,539,477</u>	<u>\$ 33,100,791</u>

The annual requirements to retire enterprise activity debt, including interest, as of September 30, 2016 are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2017	\$ 785,040	\$ 445,486	\$ 1,230,526
2018	885,888	408,371	1,294,259
2019	912,423	371,057	1,283,480
2020	863,576	334,341	1,197,917
2021	767,998	298,816	1,066,814
2022-2026	4,340,423	859,193	5,199,616
2027	1,013,336	26,600	1,039,936
Total	<u>\$ 9,568,684</u>	<u>\$ 2,743,864</u>	<u>\$ 11,272,612</u>

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

Capital Leases Payable

A summary of changes in capital leases payable for the year ended September 30, 2016 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Capital lease obligation	\$ <u>683,391</u>	\$ <u>661,695</u>	\$ <u>(76,895)</u>	\$ <u>1,268,191</u>	\$ <u>138,439</u>

The City leases various equipment under capital lease. The following is an analysis of the leased assets included in capital assets at September 30, 2016:

Equipment	\$ 1,501,585
Less: accumulated depreciation	<u>(193,000)</u>
Net value	<u>\$ 1,308,585</u>

The following is a schedule of future minimum payments required under the leases with its present value as of September 30, 2016:

2017	\$ 162,362
2018	162,362
2019	162,362
2020	162,362
2021	162,362
2022-2026	519,948
2027-2028	<u>130,149</u>
Total minimum lease payments	1,461,907
Less amount representing interest	<u>(193,716)</u>
Present value of minimum lease payments	<u>\$ 1,268,191</u>

**Note 7: DEFINED BENEFIT PENSION PLAN**

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Note 7: DEFINED BENEFIT PENSION PLAN (continued)**

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

*Employees covered by benefit terms:* At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	89
Active employees	146
	<hr/>
	296

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14% and 14% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$1,380,260, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

*Actuarial assumptions:* The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7: DEFINED BENEFIT PENSION PLAN (continued)**

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by a factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without and adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TRMS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	<u>100.00%</u>	

*Discount Rate:* The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7: DEFINED BENEFIT PENSION PLAN (continued)**

*Changes in the Net Pension Liability:*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2014	\$ 30,491,719	\$ 24,281,487	\$ 6,210,232
Changes for the year:			
Service Cost	1,614,486		1,614,486
Interest	2,163,512		2,163,512
Changes of benefit terms	-		-
Difference between expected and actual experience	(356,486)		(356,486)
Changes of assumptions	(252,429)		(252,429)
Contributions - employer		1,415,503	(1,415,503)
Contributions - employee		648,976	(648,976)
Net investment income		35,841	(35,841)
Benefit payments, including refunds of employee contributions	(783,303)	(783,303)	-
Administrative expense		(21,823)	21,823
Other changes		(1,078)	1,078
Net changes	2,385,780	1,294,116	1,091,664
Balance at 12/31/2015	<u>\$ 32,877,499</u>	<u>\$ 25,575,603</u>	<u>\$ 7,301,896</u>

*Sensitivity of the net pension liability to changes in the discount rate :* The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 13,330,102	\$ 7,301,896	\$ 2,487,401

*Pension Plan Fiduciary Net Position:* Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$1,682,109.

**CITY OF CORINTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7: DEFINED BENEFIT PENSION PLAN (continued)**

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (485,082)
Changes in actual assumptions	-	(207,352)
Difference between projected and actual investment earnings	1,500,341	-
Contributions subsequent to the measurement date	990,935	-
<b>Total</b>	<b>\$ 2,491,276</b>	<b>\$ (692,434)</b>

\$990,935 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:

2017	\$ 229,890
2018	229,890
2019	229,890
2020	183,477
2021	(65,240)
Thereafter	-
	<b>\$ 807,907</b>

Supplemental Death Benefits Plan

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. Audited financial statements of the SDBF may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2016, 2015 and 2014 were \$9,252, \$8,807, and \$8,028, respectively, which equaled the required contributions each year.



## CITY OF CORINTH, TEXAS

### NOTES TO FINANCIAL STATEMENTS

#### **Note 8: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining workers compensation and property and liability insurance through Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool ("Pool") is considered a self-sustaining risk pool that provides coverage for its members. The City's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the City. The Pool's liability is limited to the coverage that the City elects as stated in the Pool's Declarations of Coverage for that fund year. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

#### **Note 9: COMMITMENTS AND CONTINGENCIES**

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$13,573,450.

#### *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.

## REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF CORINTH, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit B-1**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 7,267,423	\$ 7,267,423	\$ 7,274,662	\$ 7,239
Sales	1,238,319	1,238,319	1,374,704	136,385
Franchise	1,076,835	1,076,835	1,068,910	(7,925)
Utility fees	12,500	12,500	29,761	17,261
Traffic fines and forfeitures	753,154	753,154	682,806	(70,348)
Development fees & permits	380,937	380,937	488,866	107,929
Police fees & permits	24,100	24,100	29,834	5,734
Parks & recreation fees	174,532	174,532	147,343	(27,189)
Fire services	2,453,651	2,453,651	2,588,688	135,037
Donations	15,000	15,000	1,700	(13,300)
Interest income	28,130	28,130	40,127	11,997
Miscellaneous income	58,600	58,600	31,502	(27,098)
Charges for services	480,614	480,614	479,576	(1,038)
<b>Total Revenues</b>	<u>13,963,795</u>	<u>13,963,795</u>	<u>14,238,479</u>	<u>274,684</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	8,449,896	8,404,896	8,367,080	37,816
Community services	1,879,112	1,663,014	1,432,919	230,095
Public works	773,408	824,611	771,293	53,318
Planning and community development	981,741	973,402	965,581	7,821
City administration	1,803,966	2,173,403	2,106,266	67,137
Finance and administrative services	856,855	865,652	862,114	3,538
<b>Total Expenditures</b>	<u>14,744,978</u>	<u>14,904,978</u>	<u>14,505,253</u>	<u>399,725</u>
<b>Excess of Revenues over Expenditures</b>	(781,183)	(941,183)	(266,774)	674,409
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(493,004)	(573,004)	(573,004)	-
Transfers in	867,187	867,187	847,951	(19,236)
<b>Total Financing Sources (Uses)</b>	<u>374,183</u>	<u>294,183</u>	<u>274,947</u>	<u>(19,236)</u>
<b>Net Change in Fund Balance</b>	(407,000)	(647,000)	8,173	655,173
Fund Balance - October 1 (Beginning)	3,726,935	3,726,935	3,726,935	-
<b>Fund Balance - September 30 (Ending)</b>	<u>\$ 3,319,935</u>	<u>\$ 3,079,935</u>	<u>\$ 3,735,108</u>	<u>\$ 655,173</u>

**CITY OF CORINTH, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016 \***

**Exhibit B-2**

	<u>Year Ended December 31, 2014</u>	<u>Year Ended December 31, 2015</u>
<b>Total Pension Liability</b>		
Service cost	\$ 1,444,400	\$ 1,614,486
Interest on total pension liability	1,994,674	2,163,512
Changes of benefit terms	-	-
Differences between expected and actual experience	(293,384)	(356,486)
Change of assumptions	-	(252,429)
Benefit payments/refunds of contributions	<u>(854,227)</u>	<u>(783,303)</u>
Net change in total pension liability	2,291,463	2,385,780
Total pension liability, beginning	<u>28,200,256</u>	<u>30,491,719</u>
Total pension liability, ending (a)	<u>\$ 30,491,719</u>	<u>\$ 32,877,499</u>
<b>Fiduciary Net Position</b>		
Contributions - Employer	\$ 1,209,444	\$ 1,415,503
Contributions - Employee	604,376	648,976
Net investment income	1,263,034	35,841
Benefit payments/refunds of contributions	(854,227)	(783,303)
Administrative expenses	(13,183)	(21,823)
Other	<u>(1,084)</u>	<u>(1,078)</u>
Net change in fiduciary net position	2,208,360	1,294,116
Fiduciary net position, beginning	<u>22,073,127</u>	<u>24,281,487</u>
Fiduciary net position, ending (b)	<u>\$ 24,281,487</u>	<u>\$ 25,575,603</u>
Net pension liability / (asset), ending = (a) - (b)	<u>6,210,232</u>	<u>7,301,896</u>
Fiduciary net position as a percentage of total pension liability	79.63%	77.79%
Pensionable covered payroll	\$ 8,633,945	\$ 9,252,068
Net pension liability as a percentage of covered payroll	71.93%	78.92%

\* A full 10-year schedule will be displayed as it becomes available.

**CITY OF CORINTH, TEXAS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR FISCAL YEAR 2016**

Exhibit B-3

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2015	\$ 1,326,450	\$ 1,326,450	\$ -	\$ 8,806,738	15.06%
2016	1,380,260	1,380,260	-	9,118,563	15.14%

**CITY OF CORINTH, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Note A: Net Pension Liability – Texas Municipal Retirement System**

**Assumptions**

The following methods and assumptions were used to determine contribution rates:

<b>Valuation date</b>	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
<b>Actuarial cost method</b>	Entry age normal
<b>Amortization method</b>	Level percentage of payroll, closed
<b>Remaining amortization period</b>	28 years
<b>Asset valuation method</b>	10-year smoothed market; 15% soft corridor
<b>Inflation</b>	2.5%
<b>Salary increases</b>	3.50% to 10.5%, including inflation
<b>Investment rate of return</b>	6.75%
<b>Retirement age</b>	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the 2010 – 2014.
<b>Mortality</b>	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Changes of Benefit Terms**

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

**Changes in the Size or Composition of the Population Covered by the Benefit Terms**

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

**Changes of Assumptions**

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Stewardship, Compliance, and Accountability

I. Budgetary Information

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

- A. Public hearings are conducted to obtain taxpayer comments.
- B. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- C. 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.
- D. 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.
- E. 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.
- F. 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
- Keep Corinth Beautiful Fund
- County Child Safety Fund
- Municipal Court Security Fund
- Municipal Court Technology Fund
- Police Confiscation – State Fund
- Police Confiscation – Federal Fund
- Parks Development Fund
- Community Park Improvement Fund
- Tree Mitigation Fund
- Roadway Impact Fee Fund

Debt Service Fund

II. Employee Retirement Plan - four year schedule of funding progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2015	\$ 26,153,202	\$ 32,877,499	79.5%	\$ 6,724,297	\$ 9,252,068	72.7%
12/31/2014	\$ 23,407,353	\$ 30,491,719	76.8%	\$ 7,084,366	\$ 8,633,945	82.1%
12/31/2013	\$ 20,892,219	\$ 28,200,256	74.1%	\$ 7,308,037	\$ 8,028,481	91.0%
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 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.
- Hotel-Motel Tax Fund accounts for hotel-motel tax collected and used to enhance and promote tourism.
- The Keep Corinth Beautiful Fund was created to account for the donations, contributions and payments associated with beautification programs within the city.
- County Child Safety Fund was created by State Statute to account for the funds used for school crossing guard services and programs designed to enhance child safety, health or nutrition.
- The Special Revenue Fund accounts for
- 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 accounts for funds restricted to provide technological enhancements for the Municipal Court.
- Police Confiscation (State) Fund was created by State Statute and funds are restricted for law enforcement programs.
- Police Confiscation (Federal) Fund was created by Federal Equitable Sharing Agreement and funds are restricted for law enforcement programs.
- The Parks Development Fund was established to account for donations, contributions and payments associated with various park programs.
- The Community Park Improvement Fund accounts for funds collected from the City's Co-Sponsorship Athletic Leagues and funds are restricted for improvements to the Community Park.
- Tree Mitigation Fund was created by City Ordinance to account for payment by City Developers in lieu of adhering to the City's tree mitigation program.
- 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.
- Technology Equipment Replacement Fund is used to account for funds and expenditures for replacement of information technology equipment.
- 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 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.
- 2016 Public Property Finance Fund is used to account for Lease Proceeds per Lease agreement.

**CITY OF CORINTH, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2016**

**Exhibit C-1**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,622,256	\$ 404,327	\$ 2,026,583
Investments	425,670	1,992,204	2,417,874
Receivables (net of allowance)			
Sales taxes	116,210	-	116,210
Interest	300	1,918	2,218
Miscellaneous	32,513	-	32,513
<b>Total Assets</b>	<b><u>\$ 2,196,949</u></b>	<b><u>\$ 2,398,449</u></b>	<b><u>\$ 4,595,398</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ 11,301	\$ 5,363	\$ 16,664
Accrued liabilities	5,571	-	5,571
Other liabilities	695,586	-	695,586
<b>Total Liabilities</b>	<b><u>712,458</u></b>	<b><u>5,363</u></b>	<b><u>717,821</u></b>
<b>FUND BALANCES</b>			
Restricted	1,565,688	130,738	1,696,426
Committed	361,039	2,262,348	2,623,387
Unassigned	(442,236)	-	(442,236)
<b>Total Fund Balances</b>	<b><u>1,484,491</u></b>	<b><u>2,393,086</u></b>	<b><u>3,877,577</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,196,949</u></b>	<b><u>\$ 2,398,449</u></b>	<b><u>\$ 4,595,398</u></b>

**CITY OF CORINTH, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-2**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Taxes:			
Sales	\$ 648,355	\$ -	\$ 648,355
Hotel occupancy tax	79,007	-	79,007
Escrow and impact fees	59,205	-	59,205
Traffic fines & forfeitures	30,046	-	30,046
Police fees & permits	31,958	-	31,958
Parks & recreation fees	10,365	-	10,365
Fire services	-	91,699	91,699
Donations	134,270	50,250	184,520
Interest income	7,420	13,584	21,004
Grants	3,144	-	3,144
Miscellaneous income	227,244	31,059	258,303
<b>Total Revenues</b>	<b>1,231,014</b>	<b>186,592</b>	<b>1,417,606</b>
<b>EXPENDITURES</b>			
Current:			
Public safety	375,078	960,825	1,335,903
Community services	74,607	-	74,607
Public works	167,597	783,091	950,688
Planning and community development	-	15,570	15,570
City administration	53,764	13,779	67,543
Debt service:			
Principal	-	76,895	76,895
Interest	-	20,642	20,642
<b>Total Expenditures</b>	<b>671,046</b>	<b>1,870,802</b>	<b>2,541,848</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>559,968</b>	<b>(1,684,210)</b>	<b>(1,124,242)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from issuance of capital leases	-	661,695	661,695
Proceeds from sale of capital assets	-	65,887	65,887
Transfers out	-	(10,525)	(10,525)
Transfers in	17,508	870,332	887,840
<b>Total Other Financing Sources (Uses)</b>	<b>17,508</b>	<b>1,587,389</b>	<b>1,604,897</b>
<b>Net Change in Fund Balance</b>	<b>577,476</b>	<b>(96,821)</b>	<b>480,655</b>
Fund Balance - October 1 (Beginning)	907,015	2,489,907	3,396,922
Fund Balance - September 30 (Ending)	<b>\$ 1,484,491</b>	<b>\$ 2,393,086</b>	<b>\$ 3,877,577</b>



**CITY OF CORINTH, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
AS OF SEPTEMBER 30, 2016**

	<u>Crime Control &amp; Prevention</u>	<u>Street Maintenance</u>	<u>Hotel Motel Tax</u>	<u>Keep Corinth Beautiful</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 202,849	\$ 213,189	\$ 163,528	\$ 22,850
Investments	-	425,670	-	-
Receivables (net of allowance)				
Sales taxes	53,666	62,544	-	-
Interest	-	300	-	-
Miscellaneous	-	-	6,631	1,500
<b>Total Assets</b>	<b>\$ <u>256,515</u></b>	<b>\$ <u>701,703</u></b>	<b>\$ <u>170,159</u></b>	<b>\$ <u>24,350</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 342	\$ 1,979	\$ 61	\$ -
Accrued liabilities	4,638	-	-	-
Other liabilities	-	-	-	-
<b>Total Liabilities</b>	<b><u>4,980</u></b>	<b><u>1,979</u></b>	<b><u>61</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>				
Restricted	251,535	699,724	170,098	24,350
Committed	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b><u>251,535</u></b>	<b><u>699,724</u></b>	<b><u>170,098</u></b>	<b><u>24,350</u></b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ <u>256,515</u></b>	<b>\$ <u>701,703</u></b>	<b>\$ <u>170,159</u></b>	<b>\$ <u>24,350</u></b>

<u>County Child Safety Fund</u>	<u>Special Revenue</u>	<u>Municipal Court Security Fund</u>	<u>Municipal Court Technology Fund</u>	<u>Police Confiscation Fund - State</u>	<u>Police Confiscation Fund - Federal</u>
\$ 2,961	\$ 264,981	\$ 49,587	\$ 29,578	\$ 4,427	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,282	100	-	-	-	-
<u>\$ 27,243</u>	<u>\$ 265,081</u>	<u>\$ 49,587</u>	<u>\$ 29,578</u>	<u>\$ 4,427</u>	<u>\$ -</u>
\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -
719	-	214	-	-	-
-	-	-	-	4,427	-
<u>744</u>	<u>-</u>	<u>214</u>	<u>-</u>	<u>4,427</u>	<u>-</u>
26,499	37,939	49,373	29,578	-	-
-	227,142	-	-	-	-
-	-	-	-	-	-
<u>26,499</u>	<u>265,081</u>	<u>49,373</u>	<u>29,578</u>	<u>-</u>	<u>-</u>
<u>\$ 27,243</u>	<u>\$ 265,081</u>	<u>\$ 49,587</u>	<u>\$ 29,578</u>	<u>\$ 4,427</u>	<u>\$ -</u>

**CITY OF CORINTH, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AS OF SEPTEMBER 30, 2016**

	Parks Development	Community Park Improvement Fund	Tree Mitigation Fund	Roadway Impact Fee Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 237,797	\$ 12,050	\$ 160,642	\$ 257,817
Investments	-	-	-	-
Receivables (net of allowance)				
Sales taxes	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Assets	<u>\$ 237,797</u>	<u>\$ 12,050</u>	<u>\$ 160,642</u>	<u>\$ 257,817</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,894
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	691,159
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,053</u>
<b>FUND BALANCES</b>				
Restricted	103,900	12,050	160,642	-
Committed	133,897	-	-	-
Unassigned	-	-	-	(442,236)
Total Fund Balances	<u>237,797</u>	<u>12,050</u>	<u>160,642</u>	<u>(442,236)</u>
Total Liabilities and Fund Balances	<u>\$ 237,797</u>	<u>\$ 12,050</u>	<u>\$ 160,642</u>	<u>\$ 257,817</u>

Total  
Nonmajor  
Special  
Revenue  
Funds

---

\$ 1,622,256  
425,670

116,210  
300  
32,513

\$ 2,196,949

\$ 11,301  
5,571  
695,586  
712,458

1,565,688  
361,039  
(442,236)

1,484,491  
\$ 2,196,949



**CITY OF CORINTH, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Crime Control &amp; Prevention</u>	<u>Street Maintenance</u>	<u>Hotel Motel Tax</u>	<u>Keep Corinth Beautiful</u>
<b>REVENUES</b>				
Taxes:				
Sales	\$ 308,630	\$ 339,725	\$ -	\$ -
Hotel occupancy tax	-	-	79,007	-
Escrow and impact fees	-	-	-	-
Traffic fines & forfeitures	-	-	-	-
Police fees & permits	-	-	-	-
Parks & recreation fees	-	-	-	-
Donations	-	-	-	6,500
Interest income	687	2,302	613	109
Grants	-	-	-	-
Miscellaneous income	-	-	-	-
Total Revenues	<u>309,317</u>	<u>342,027</u>	<u>79,620</u>	<u>6,609</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	275,219	-	-	-
Community services	-	-	-	-
Public works	-	123,697	-	-
City administration	-	-	41,551	10,738
Total Expenditures	<u>275,219</u>	<u>123,697</u>	<u>41,551</u>	<u>10,738</u>
Excess (Deficiency) of Revenues over Expenditures	34,098	218,330	38,069	(4,129)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	34,098	218,330	38,069	(4,129)
Fund Balance - October 1 (Beginning)	217,437	481,394	132,029	28,479
Fund Balance - September 30 (Ending)	<u>\$ 251,535</u>	<u>\$ 699,724</u>	<u>\$ 170,098</u>	<u>\$ 24,350</u>

County Child Safety Fund	Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Police Confiscation Fund - State	Police Confiscation Fund - Federal
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	12,884	17,162	-	-
29,332	2,626	-	-	-	-
-	-	-	-	-	-
-	23,870	-	-	-	-
36	1,074	182	133	1	-
-	3,144	-	-	-	-
-	43,142	-	-	-	-
<u>29,368</u>	<u>73,856</u>	<u>13,066</u>	<u>17,295</u>	<u>1</u>	<u>-</u>
24,165	71,500	-	-	3,906	288
-	-	8,160	21,725	-	-
-	21,968	-	-	-	-
-	1,475	-	-	-	-
<u>24,165</u>	<u>94,943</u>	<u>8,160</u>	<u>21,725</u>	<u>3,906</u>	<u>288</u>
5,203	(21,087)	4,906	(4,430)	(3,905)	(288)
-	-	17,508	-	-	-
-	-	17,508	-	-	-
5,203	(21,087)	22,414	(4,430)	(3,905)	(288)
21,296	286,168	26,959	34,008	3,905	288
<u>\$ 26,499</u>	<u>\$ 265,081</u>	<u>\$ 49,373</u>	<u>\$ 29,578</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF CORINTH, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Parks Development</u>	<u>Community Park Improvement Fund</u>	<u>Tree Mitigation Fund</u>	<u>Roadway Impact Fee Fund</u>
<b>REVENUES</b>				
Taxes:				
Sales	\$ -	\$ -	\$ -	\$ -
Hotel occupancy tax	-	-	-	-
Escrow and impact fees	-	-	-	59,205
Traffic fines & forfeitures	-	-	-	-
Police fees & permits	-	-	-	-
Parks & recreation fees	-	10,365	-	-
Donations	103,900	-	-	-
Interest income	724	44	580	935
Grants	-	-	-	-
Miscellaneous income	-	-	184,102	-
Total Revenues	<u>104,624</u>	<u>10,409</u>	<u>184,682</u>	<u>60,140</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Community services	-	20,682	24,040	-
Public works	-	-	-	21,932
City administration	-	-	-	-
Total Expenditures	<u>-</u>	<u>20,682</u>	<u>24,040</u>	<u>21,932</u>
Excess (Deficiency) of Revenues over Expenditures	104,624	(10,273)	160,642	38,208
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	104,624	(10,273)	160,642	38,208
Fund Balance - October 1 (Beginning)	133,173	22,323	-	(480,444)
Fund Balance - September 30 (Ending)	<u>\$ 237,797</u>	<u>\$ 12,050</u>	<u>\$ 160,642</u>	<u>\$ (442,236)</u>

Total  
Nonmajor  
Special  
Revenue  
Funds

---

\$ 648,355  
79,007  
59,205  
30,046  
31,958  
10,365  
134,270  
7,420  
3,144  
227,244  
1,231,014

375,078  
74,607  
167,597  
53,764  
671,046

559,968

17,508  
17,508

577,476  
907,015  
\$ 1,484,491

**CITY OF CORINTH, TEXAS  
CRIME CONTROL & PREVENTION FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-5**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 264,037	\$ 264,037	\$ 308,630	\$ 44,593
Interest income	180	180	687	507
Total Revenues	<u>264,217</u>	<u>264,217</u>	<u>309,317</u>	<u>45,100</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	315,295	315,295	275,219	40,076
Total Expenditures	<u>315,295</u>	<u>315,295</u>	<u>275,219</u>	<u>40,076</u>
Net Change in Fund Balance	(51,078)	(51,078)	34,098	85,176
Fund Balance - October 1 (Beginning)	217,437	217,437	217,437	-
Fund Balance - September 30 (Ending)	<u>\$ 166,359</u>	<u>\$ 166,359</u>	<u>\$ 251,535</u>	<u>\$ 85,176</u>

**CITY OF CORINTH, TEXAS  
STREET MAINTENANCE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-6**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 305,576	\$ 305,576	\$ 339,725	\$ 34,149
Interest income	1,000	1,000	2,302	1,302
Total Revenues	306,576	306,576	342,027	35,451
<b>EXPENDITURES</b>				
Current:				
Public works	150,000	150,000	123,697	26,303
Total Expenditures	150,000	150,000	123,697	26,303
Net Change in Fund Balance	156,576	156,576	218,330	61,754
Fund Balance - October 1 (Beginning)	481,394	481,394	481,394	-
Fund Balance - September 30 (Ending)	\$ 637,970	\$ 637,970	\$ 699,724	\$ 61,754

**CITY OF CORINTH, TEXAS  
HOTEL MOTEL TAX FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-7**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Hotel occupancy tax	\$ 50,000	\$ 50,000	\$ 79,007	\$ 29,007
Interest income	-	-	613	613
<b>Total Revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>79,620</u>	<u>29,620</u>
<b>EXPENDITURES</b>				
Current:				
City Administration	47,000	47,000	41,551	5,449
<b>Total Expenditures</b>	<u>47,000</u>	<u>47,000</u>	<u>41,551</u>	<u>5,449</u>
<b>Net Change in Fund Balance</b>	3,000	3,000	38,069	35,069
Fund Balance - October 1 (Beginning)	132,029	132,029	132,029	-
<b>Fund Balance - September 30 (Ending)</b>	<u>\$ 135,029</u>	<u>\$ 135,029</u>	<u>\$ 170,098</u>	<u>\$ 35,069</u>

**CITY OF CORINTH, TEXAS  
KEEP CORINTH BEAUTIFUL  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-8**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Donations	\$ 6,500	\$ 6,500	\$ 6,500	\$ -
Interest income	-	-	109	109
<b>Total Revenues</b>	<u>6,500</u>	<u>6,500</u>	<u>6,609</u>	<u>109</u>
<b>EXPENDITURES</b>				
Current:				
City Administration	20,000	20,000	10,738	9,262
<b>Total Expenditures</b>	<u>20,000</u>	<u>20,000</u>	<u>10,738</u>	<u>9,262</u>
<b>Net Change in Fund Balance</b>	(13,500)	(13,500)	(4,129)	9,371
<b>Fund Balance - October 1 (Beginning)</b>	28,479	28,479	28,479	-
<b>Fund Balance - September 30 (Ending)</b>	<u>\$ 14,979</u>	<u>\$ 14,979</u>	<u>\$ 24,350</u>	<u>\$ 9,371</u>



**CITY OF CORINTH, TEXAS  
COUNTY CHILD SAFETY FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-9**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Police fees & permits	\$ 27,000	\$ 27,000	\$ 29,332	\$ 2,332
Interest income	-	-	36	36
<b>Total Revenues</b>	<u>27,000</u>	<u>27,000</u>	<u>29,368</u>	<u>2,368</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>24,165</u>	<u>24,165</u>	<u>24,165</u>	-
<b>Total Expenditures</b>	<u>24,165</u>	<u>24,165</u>	<u>24,165</u>	-
<b>Net Change in Fund Balance</b>	2,835	2,835	5,203	2,368
<b>Fund Balance - October 1 (Beginning)</b>	<u>21,296</u>	<u>21,296</u>	<u>21,296</u>	-
<b>Fund Balance - September 30 (Ending)</b>	<u>\$ 24,131</u>	<u>\$ 24,131</u>	<u>\$ 26,499</u>	<u>\$ 2,368</u>

**CITY OF CORINTH, TEXAS  
MUNICIPAL COURT SECURITY FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-10**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Traffic fines and forfeitures	\$ 13,000	\$ 13,000	\$ 12,884	\$ (116)
Interest income	-	-	182	182
<b>Total Revenues</b>	<u>13,000</u>	<u>13,000</u>	<u>13,066</u>	<u>66</u>
<b>EXPENDITURES</b>				
Current:				
Community services	30,508	30,508	8,160	22,348
<b>Total Expenditures</b>	<u>30,508</u>	<u>30,508</u>	<u>8,160</u>	<u>22,348</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(17,508)	(17,508)	4,906	22,414
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	17,508	17,508	17,508	-
<b>Total Other Financing Sources (Uses)</b>	<u>17,508</u>	<u>17,508</u>	<u>17,508</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	22,414	22,414
<b>Fund Balance - October 1 (Beginning)</b>	26,959	26,959	26,959	-
<b>Fund Balance - September 30 (Ending)</b>	<u>\$ 26,959</u>	<u>\$ 26,959</u>	<u>\$ 49,373</u>	<u>\$ 22,414</u>

**CITY OF CORINTH, TEXAS  
MUNICIPAL COURT TECHNOLOGY FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-11**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Traffic fines and forfeitures	\$ 17,000	\$ 17,000	\$ 17,162	\$ 162
Interest income	-	-	133	133
<b>Total Revenues</b>	<u>17,000</u>	<u>17,000</u>	<u>17,295</u>	<u>295</u>
<b>EXPENDITURES</b>				
Current:				
Community services	17,000	30,000	21,725	8,275
<b>Total Expenditures</b>	<u>17,000</u>	<u>30,000</u>	<u>21,725</u>	<u>8,275</u>
Net Change in Fund Balance	-	(13,000)	(4,430)	8,570
Fund Balance - October 1 (Beginning)	34,008	34,008	34,008	-
Fund Balance - September 30 (Ending)	<u>\$ 34,008</u>	<u>\$ 21,008</u>	<u>\$ 29,578</u>	<u>\$ 8,570</u>

**CITY OF CORINTH, TEXAS  
POLICE CONFISCATION FUND - STATE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-12**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ 1	\$ 1	\$ 1	\$ -
Total Revenues	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	3,906	3,906	3,906	-
Total Expenditures	<u>3,906</u>	<u>3,906</u>	<u>3,906</u>	<u>-</u>
Net Change in Fund Balance	(3,905)	(3,905)	(3,905)	-
Fund Balance - October 1 (Beginning)	3,905	3,905	3,905	-
Fund Balance - September 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF CORINTH, TEXAS  
POLICE CONFISCATION FUND - FEDERAL  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-13**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	288	288	288	-
Total Expenditures	<u>288</u>	<u>288</u>	<u>288</u>	<u>-</u>
Net Change in Fund Balance	(288)	(288)	(288)	-
Fund Balance - October 1 (Beginning)	288	288	288	-
Fund Balance - September 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF CORINTH, TEXAS  
PARKS DEVELOPMENT FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-14**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Donations	\$ 50,000	\$ 50,000	\$ 103,900	\$ 53,900
Interest income	-	-	724	724
<b>Total Revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>104,624</u>	<u>54,624</u>
<b>EXPENDITURES</b>				
Current:				
Community services	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	50,000	50,000	104,624	54,624
<b>Fund Balance - October 1 (Beginning)</b>	133,173	133,173	133,173	-
<b>Fund Balance - September 30 (Ending)</b>	<u>\$ 183,173</u>	<u>\$ 183,173</u>	<u>\$ 237,797</u>	<u>\$ 54,624</u>

**CITY OF CORINTH, TEXAS  
COMMUNITY PARK IMPROVEMENT FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-15**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Parks & recreation fees	\$ 16,000	\$ 16,000	\$ 10,365	\$ (5,635)
Interest income	-	-	44	44
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>10,409</u>	<u>(5,591)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	40,000	40,000	20,682	19,318
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>20,682</u>	<u>19,318</u>
Net Change in Fund Balance	(24,000)	(24,000)	(10,273)	13,727
Fund Balance - October 1 (Beginning)	22,323	22,323	22,323	-
Fund Balance - September 30 (Ending)	<u>\$ (1,677)</u>	<u>\$ (1,677)</u>	<u>\$ 12,050</u>	<u>\$ 13,727</u>

**CITY OF CORINTH, TEXAS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-16**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,350,622	\$ 2,350,622	\$ 2,361,370	\$ 10,748
Interest income	-	-	2,482	2,482
<b>Total Revenues</b>	2,350,622	2,350,622	2,363,852	13,230
<b>EXPENDITURES</b>				
Debt Service:				
Principal	1,889,692	1,889,692	1,729,692	160,000
Interest	633,327	689,449	547,913	141,536
<b>Total Expenditures</b>	2,523,019	2,579,141	2,277,605	301,536
Excess (Deficiency) of Revenues over Expenditures	(172,397)	(228,519)	86,247	314,766
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of debt	-	1,208,988	1,208,988	-
Payments to bond refunding agent	-	(1,179,213)	(1,179,213)	-
Transfers in	-	-	6,812	6,812
<b>Total Other Financing Sources (Uses)</b>	-	29,775	36,587	6,812
Net Change in Fund Balance	(172,397)	(198,744)	122,834	321,578
Fund Balance - October 1 (Beginning)	224,420	224,420	224,420	-
Fund Balance - September 30 (Ending)	\$ 52,023	\$ 25,676	\$ 347,254	\$ 321,578



**CITY OF CORINTH, TEXAS  
 TREE MITIGATION FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-17**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 580	\$ 580
Miscellaneous income	-	-	184,102	184,102
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>184,682</u>	<u>184,682</u>
<b>EXPENDITURES</b>				
Current:				
Community services	-	26,020	24,040	1,980
<b>Total Expenditures</b>	<u>-</u>	<u>26,020</u>	<u>24,040</u>	<u>1,980</u>
Net Change in Fund Balance	-	(26,020)	160,642	186,662
Fund Balance - October 1 (Beginning)	-	-	-	-
<b>Fund Balance - September 30 (Ending)</b>	<u>\$ -</u>	<u>\$ (26,020)</u>	<u>\$ 160,642</u>	<u>\$ 186,662</u>

**CITY OF CORINTH, TEXAS  
ROADWAY IMPACT FEE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-18**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Escrow and impact fees	\$ -	\$ -	\$ 59,205	\$ 59,205
Interest income	-	-	935	935
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>60,140</u>	<u>60,140</u>
<b>EXPENDITURES</b>				
Current:				
Public works	35,641	46,833	21,932	24,901
<b>Total Expenditures</b>	<u>35,641</u>	<u>46,833</u>	<u>21,932</u>	<u>24,901</u>
Net Change in Fund Balance	(35,641)	(46,833)	38,208	85,041
Fund Balance - October 1 (Beginning)	(480,444)	(480,444)	(480,444)	-
Fund Balance - September 30 (Ending)	<u>\$ (516,085)</u>	<u>\$ (527,277)</u>	<u>\$ (442,236)</u>	<u>\$ 85,041</u>

**CITY OF CORINTH, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 AS OF SEPTEMBER 30, 2016**

	<u>Governmental Capital Projects</u>	<u>Vehicle Replacement Fund</u>	<u>LCFD Vehicle &amp; Equipment Replacement</u>	<u>Tech Equipment Replacement</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 64,694	\$ 41,677	\$ 123,798	\$ 29,747
Investments	1,778,110	-	75,652	-
Receivables (net of allowance)				
Interest	1,918	-	-	-
<b>Total Assets</b>	<u>\$ 1,844,722</u>	<u>\$ 41,677</u>	<u>\$ 199,450</u>	<u>\$ 29,747</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,363	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<u>5,363</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	-
Committed	<u>1,839,359</u>	<u>41,677</u>	<u>199,450</u>	<u>29,747</u>
<b>Total Fund Balances</b>	<u>1,839,359</u>	<u>41,677</u>	<u>199,450</u>	<u>29,747</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,844,722</u>	<u>\$ 41,677</u>	<u>\$ 199,450</u>	<u>\$ 29,747</u>

Street Escrow Fund	2004 Tax Notes Fund	2007 CO Streets Fund	2007 CO Tech Fund	2010 CO Fire Fund	2016 Public Property Finance Fund	Total Nonmajor Capital Projects Funds
\$ 13,673	\$ -	\$ 130,738	\$ -	\$ -	\$ -	\$ 404,327
138,442	-	-	-	-	-	1,992,204
-	-	-	-	-	-	1,918
<u>\$ 152,115</u>	<u>\$ -</u>	<u>\$ 130,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,398,449</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,363
-	-	-	-	-	-	5,363
-	-	130,738	-	-	-	130,738
152,115	-	-	-	-	-	2,262,348
<u>152,115</u>	<u>-</u>	<u>130,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,393,086</u>
<u>\$ 152,115</u>	<u>\$ -</u>	<u>\$ 130,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,398,449</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, 2016**

	Governmental Capital Projects	Vehicle Replacement Fund	LCFD Vehicle & Equipment Replacement	Tech Equipment Replacement
<b>REVENUES</b>				
Fire services	\$ -	\$ -	\$ 91,699	\$ -
Donations	50,000	-	-	250
Interest income	11,773	190	558	113
Miscellaneous income	31,059	-	-	-
Charges for services	-	-	-	-
Total Revenues	<u>92,832</u>	<u>190</u>	<u>92,257</u>	<u>363</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	120,894	90,105	70,070	-
Public works	53,884	-	-	-
Planning and community development	-	-	-	-
City administration	-	-	-	13,779
Debt Service:				
Principal	-	-	76,895	-
Interest	-	-	20,392	-
Total Expenditures	<u>174,778</u>	<u>90,105</u>	<u>167,357</u>	<u>13,779</u>
Excess (Deficiency) of Revenues over Expenditures	(81,946)	(89,915)	(75,100)	(13,416)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of capital lease	-	-	-	-
Proceeds from sale of capital assets	-	26,505	37,916	1,466
Transfers out	-	-	-	-
Transfers in	180,000	50,000	146,965	25,900
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>76,505</u>	<u>184,881</u>	<u>27,366</u>
Net Change in Fund Balance	98,054	(13,410)	109,781	13,950
Fund Balance - October 1 (Beginning)	1,741,305	55,087	89,669	15,797
Fund Balance - September 30 (Ending)	<u>\$ 1,839,359</u>	<u>\$ 41,677</u>	<u>\$ 199,450</u>	<u>\$ 29,747</u>

Street Escrow Fund	2004 Tax Notes Fund	2007 CO Streets Fund	2007 CO Tech Fund	2010 CO Fire Fund	2016 Public Property Finance Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,699
-	-	-	-	-	-	50,250
452	51	349	13	85	-	13,584
-	-	-	-	-	-	31,059
-	-	-	-	-	-	-
<u>452</u>	<u>51</u>	<u>349</u>	<u>13</u>	<u>85</u>	<u>-</u>	<u>186,592</u>
-	-	-	-	18,061	661,695	960,825
-	-	729,207	-	-	-	783,091
-	15,570	-	-	-	-	15,570
-	-	-	-	-	-	13,779
-	-	-	-	-	-	76,895
-	-	-	-	250	-	20,642
<u>-</u>	<u>15,570</u>	<u>729,207</u>	<u>-</u>	<u>18,311</u>	<u>661,695</u>	<u>1,870,802</u>
452	(15,519)	(728,858)	13	(18,226)	(661,695)	(1,684,210)
-	-	-	-	-	661,695	661,695
-	-	-	-	-	-	65,887
-	-	-	(3,713)	(6,812)	-	(10,525)
-	-	467,467	-	-	-	870,332
<u>-</u>	<u>-</u>	<u>467,467</u>	<u>(3,713)</u>	<u>(6,812)</u>	<u>661,695</u>	<u>1,587,389</u>
452	(15,519)	(261,391)	(3,700)	(25,038)	-	(96,821)
151,663	15,519	392,129	3,700	25,038	-	2,489,907
<u>\$ 152,115</u>	<u>\$ -</u>	<u>\$ 130,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,393,086</u>

**CITY OF CORINTH, TEXAS  
DISCRETELY PRESENTED COMPONENT UNIT  
CORINTH ECONOMIC DEVELOPMENT CORPORATION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2016**

**Exhibit C-21**

	<u>Corinth Economic Development Corporation</u>
<b>ASSETS</b>	
Cash	\$ 174,656
Investments	2,883,682
Receivables (net of allowance)	
Sales Tax	125,083
Interest	15,292
Total Assets	<u>\$ 3,198,713</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 782
Accrued Liabilities	15,852
Total Liabilities	<u>16,634</u>
<b>FUND BALANCES</b>	
Restricted	<u>3,182,079</u>
Total Fund Balances	<u>3,182,079</u>
Total Liabilities and Fund Balances	<u>\$ 3,198,713</u>

**CITY OF CORINTH, TEXAS  
DISCRETELY PRESENTED COMPONENT UNIT  
CORINTH ECONOMIC DEVELOPMENT CORPORATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Exhibit C-22**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 611,131	\$ 611,131	\$ 679,427	\$ 68,296
Interest income	7,250	7,250	18,127	10,877
Total Revenues	<u>618,381</u>	<u>618,381</u>	<u>697,554</u>	<u>79,173</u>
<b>EXPENDITURES</b>				
Current:				
Planning and Community development	618,381	768,381	604,412	163,969
Total Expenditures	<u>618,381</u>	<u>768,381</u>	<u>604,412</u>	<u>163,969</u>
Net Change in Fund Balance	-	(150,000)	93,142	243,142
Fund Balance - October 1 (Beginning)	3,088,937	3,088,937	3,088,937	-
Fund Balance - September 30 (Ending)	<u>\$ 3,088,937</u>	<u>\$ 2,938,937</u>	<u>\$ 3,182,079</u>	<u>\$ 243,142</u>





## **STATISTICAL SECTION**



## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	101
<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	106
<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	113
<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	117
<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	120
<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.



TABLE D-1

## CITY OF CORINTH, TEXAS

## NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS (1), (2), (3), (4), (5), and (6)

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 42,456,235	\$ 40,684,154	\$ 41,050,434	\$ 39,858,647	\$ 41,537,428	\$ 38,965,723	\$ 37,401,599	\$ 36,991,003	\$ 37,162,807	\$ 35,967,465
Restricted	3,109,568	3,020,980	795,115	6,713,859	2,400,976	2,614,336	3,776,495	4,078,719	1,066,371	1,759,359
Unrestricted	5,762,421	6,112,583	8,395,075	2,683,382	6,854,904	6,708,569	5,660,613	4,522,015	1,767,508	1,817,109
Total Governmental Activities Net Position	\$ 51,328,224	\$ 49,817,717	\$ 50,240,624	\$ 49,255,888	\$ 50,793,308	\$ 48,288,628	\$ 46,838,707	\$ 45,591,737	\$ 39,996,686	\$ 39,543,933
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 16,086,492	\$ 15,604,347	\$ 15,881,901	\$ 17,746,701	\$ 19,490,897	\$ 21,783,319	\$ 21,661,416	\$ 21,552,151	\$ 21,568,651	\$ 21,537,921
Restricted	-	-	-	-	-	-	-	-	645,963	647,502
Unrestricted	3,295,736	5,229,817	5,638,822	5,883,737	5,858,618	6,216,578	6,897,008	6,250,406	4,856,975	4,285,029
Total Business-Type Activities Net Position	\$ 19,382,228	\$ 20,834,164	\$ 21,520,723	\$ 23,630,438	\$ 25,349,515	\$ 27,999,897	\$ 28,558,424	\$ 27,802,557	\$ 27,071,589	\$ 26,470,452
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 58,542,727	\$ 56,288,501	\$ 56,932,335	\$ 57,605,348	\$ 61,028,325	\$ 60,749,042	\$ 59,063,015	\$ 58,543,154	\$ 58,731,458	\$ 57,505,386
Restricted	3,109,568	3,020,980	795,115	6,713,859	2,400,976	2,614,336	3,776,495	4,078,719	1,712,334	2,406,861
Unrestricted	9,058,157	11,342,400	14,033,897	8,567,119	12,713,522	12,925,147	12,557,621	10,772,421	6,624,483	6,102,138
Total Primary Government Net Position	\$ 70,710,452	\$ 70,651,881	\$ 71,761,347	\$ 72,886,326	\$ 76,142,823	\$ 76,288,525	\$ 75,397,131	\$ 73,394,294	\$ 67,068,275	\$ 66,014,385

## Governmental Activities:

- (1) 2007 restated for debt reallocation.
- (2) 2007 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 GASB 65.
- (6) 2015 restated for implementation of GASB 68.

## Business-type Activities:

- (4) 2009 restated for miscellaneous revenue and debt expenses.
- (5) 2012 restated for implementation of GASB 63 and GASB 65.
- (6) 2015 restated for implementation of GASB 68.

Source: Exhibit A-1

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

<b>Expenses</b>	<b>2007 (1)</b>	<b>2008 (2)</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012 (3)</b>	<b>2013</b>	<b>2014</b>	<b>2015 (4)</b>	<b>2016</b>
<b>Governmental Activities:</b>										
Public Safety	\$ 2,745,345	\$ 6,891,365	\$ 7,956,599	\$ 7,716,433	\$ 7,454,086	\$ 7,769,391	\$ 8,188,441	\$ 8,558,062	\$ 8,937,222	\$ 9,331,392
Fire	1,995,931	-	-	-	-	-	-	-	-	-
Community Services	1,805,271	1,950,842	2,452,756	1,979,094	1,713,873	1,729,610	1,740,402	1,735,618	1,855,018	1,734,299
Public Works	4,065,127	4,571,006	1,784,753	4,152,860	4,268,961	4,829,902	4,726,964	4,655,417	4,661,909	4,471,115
Planning & Development	744,218	810,774	877,117	875,457	709,683	730,829	731,234	715,554	860,549	1,013,413
City Administration	713,750	1,425,905	1,340,171	1,876,455	1,663,492	1,607,926	1,631,852	1,854,669	1,873,459	2,032,778
Financial Services	949,085	702,155	686,977	688,069	634,749	655,335	662,238	665,351	746,482	878,384
Interest on Long-Term Debt	530,981	894,159	969,752	920,663	809,445	821,597	743,848	702,883	613,346	747,838
<b>Total Governmental Activities Expenses</b>	<b>13,549,708</b>	<b>17,246,206</b>	<b>16,068,125</b>	<b>18,209,031</b>	<b>17,254,289</b>	<b>18,144,590</b>	<b>18,424,979</b>	<b>18,887,554</b>	<b>19,547,985</b>	<b>20,209,219</b>
<b>Business-Type Activities:</b>										
Water & Wastewater	8,353,563	9,959,789	10,356,404	10,261,683	9,981,826	10,198,636	10,429,711	10,645,670	11,107,570	12,157,058
Storm Water Utility	347,612	464,127	510,190	527,768	449,894	520,098	515,487	571,624	540,217	525,740
<b>Total Business-Type Activities Expenses</b>	<b>8,701,175</b>	<b>10,423,916</b>	<b>10,866,594</b>	<b>10,789,451</b>	<b>10,431,720</b>	<b>10,718,734</b>	<b>10,945,198</b>	<b>11,217,294</b>	<b>11,647,787</b>	<b>12,682,798</b>
<b>Total Primary Government Expenses</b>	<b>\$ 22,250,883</b>	<b>\$ 27,670,122</b>	<b>\$ 26,934,719</b>	<b>\$ 28,998,482</b>	<b>\$ 27,686,009</b>	<b>\$ 28,863,324</b>	<b>\$ 29,370,177</b>	<b>\$ 30,104,848</b>	<b>\$ 31,195,772</b>	<b>\$ 32,892,017</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Public Safety	\$ 171,534	\$ 2,442,177	\$ 3,028,462	\$ 2,858,365	\$ 3,218,248	\$ 3,036,630	\$ 3,316,940	\$ 3,595,280	\$ 3,516,328	\$ 3,960,494
Community Services	750,410	208,352	178,695	197,322	305,958	318,297	312,490	377,982	230,940	206,560
Public Works	-	-	-	-	340,413	72,087	25,895	111,242	209,723	59,205
Planning & Development	493,749	416,347	297,861	298,676	564,447	364,980	342,817	488,706	647,336	540,906
City Administration	13,972	-	-	-	-	-	-	94,979	92,142	105,401
Finance Services	559,992	881,951	1,024,019	1,180,425	177,273	88,599	-	-	-	-
Operating Grants & Contributions	202,291	271,544	107,572	166,836	152,477	101,458	144,879	284,954	299,613	189,114
Capital Grants & Contributions	1,055,742	725,200	171,306	1,243,666	858,404	944,835	551,016	-	380,748	332,872
<b>Total Governmental Activities Program Revenues</b>	<b>3,247,690</b>	<b>4,945,571</b>	<b>4,807,915</b>	<b>5,945,290</b>	<b>5,617,220</b>	<b>4,926,886</b>	<b>4,694,037</b>	<b>4,953,143</b>	<b>5,376,830</b>	<b>5,394,552</b>
<b>Business-Type Activities:</b>										
<b>Charges for Services:</b>										
Water & Wastewater	8,706,440	10,169,565	10,306,400	11,094,103	12,221,335	11,715,891	11,582,827	10,648,512	10,991,068	11,047,722
Storm Water Utility	432,848	495,193	552,871	587,074	552,916	655,400	667,215	680,128	692,943	703,783
Operating Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants & Contributions	2,127,103	2,071,941	649,055	1,255,490	1,303,744	581,490	192,927	176,068	607,013	1,448,393
<b>Total Business-Type Activities Program Revenues</b>	<b>11,266,391</b>	<b>12,736,699</b>	<b>11,508,326</b>	<b>12,936,667</b>	<b>14,077,995</b>	<b>12,952,781</b>	<b>12,442,969</b>	<b>11,504,708</b>	<b>12,291,024</b>	<b>13,199,898</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 14,514,081</b>	<b>\$ 17,682,270</b>	<b>\$ 16,316,241</b>	<b>\$ 18,881,957</b>	<b>\$ 19,695,215</b>	<b>\$ 17,879,667</b>	<b>\$ 17,137,006</b>	<b>\$ 16,457,851</b>	<b>\$ 17,667,854</b>	<b>\$ 18,594,450</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (10,302,018)	\$ (12,300,635)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)	\$ (13,217,704)	\$ (13,730,942)	\$ (13,934,411)	\$ (14,171,155)	\$ (14,814,667)
Business-Type Activities	2,565,216	2,312,783	641,732	2,147,216	3,646,275	2,234,047	1,497,771	287,414	643,237	517,100
<b>Total Primary Government Net Expense</b>	<b>\$ (7,736,802)</b>	<b>\$ (9,987,852)</b>	<b>\$ (10,618,478)</b>	<b>\$ (10,116,525)</b>	<b>\$ (7,990,794)</b>	<b>\$ (10,983,657)</b>	<b>\$ (12,233,171)</b>	<b>\$ (13,646,997)</b>	<b>\$ (13,527,918)</b>	<b>\$ (14,297,567)</b>

(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.

(4) 2015 restated for implementation of GASB 68.

TABLE D-3

## CITY OF CORINTH, TEXAS

## GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

## LAST TEN FISCAL YEARS

## (ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

Net (Expense)/Revenue	2007 (1)	2008 (2)	2009	2010	2011	2012 (3)	2013	2014	2015	2016
Governmental Activities	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)	\$ (13,217,704)	\$ (13,730,942)	\$ (13,934,411)	\$ (14,171,155)	\$ (14,814,667)
Business-Type Activities	2,565,216	2,312,783	641,732	2,147,216	3,646,275	2,234,047	1,497,771	287,414	643,237	517,100
Total Primary Government Net Expense	(7,736,802)	(9,987,853)	(10,618,478)	(10,116,525)	(7,990,794)	(10,983,657)	(12,233,171)	(13,646,997)	(13,527,918)	(14,297,567)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property Taxes	7,362,347	7,784,085	8,288,285	8,117,648	8,236,635	8,292,788	8,501,824	8,674,195	9,291,409	9,663,535
Sales Taxes	1,539,307	1,523,963	1,017,734	1,463,459	1,591,901	1,689,889	1,728,567	1,822,924	1,889,020	2,023,059
Franchise Taxes	667,199	894,191	1,456,065	919,700	1,083,786	1,065,097	967,846	1,039,646	1,074,217	1,068,910
Hotel Occupancy Taxes (4)	-	-	-	-	-	-	-	-	67,833	79,007
Miscellaneous	46,395	73,884	95,154	20,050	34,555	143,809	38,121	13,925	45,685	237,674
Investment Earnings	562,353	740,740	318,460	207,718	98,471	63,010	49,427	53,968	55,043	87,433
Gain (Loss) on sale of Capital Assets	-	-	-	-	-	-	-	-	14,712	43,222
Special Item Outflow	-	(1,742,435)	-	-	(700,000)	(134,385)	8,556	-	-	-
Transfers	(138,510)	1,515,701	360,418	550,426	2,734,363	(269,093)	986,679	1,082,783	778,956	1,159,074
Total Governmental Activities	10,039,091	10,790,129	11,536,116	11,279,001	13,079,711	10,851,115	12,281,020	12,687,441	13,216,875	14,361,914
Business-Type Activities:										
Miscellaneous	103,243	11,212	53,980	355,428	31,858	11,738	5,145	10,216	(391)	4,741
Investment Earnings	164,855	643,642	295,606	157,497	75,308	59,488	42,290	29,280	18,423	26,328
Gain (Loss) on sale of Capital Assets	-	-	-	-	-	-	-	-	5,333	9,768
Special Item Outflow	-	-	-	-	700,000	134,385	-	-	-	-
Transfers	138,510	(1,515,701)	(360,418)	(550,426)	(2,734,363)	269,093	(986,679)	(1,082,783)	(778,956)	(1,159,074)
Total Business-Type Activities	406,608	(860,847)	(10,832)	(37,501)	(1,927,197)	474,704	(939,244)	(1,043,287)	(755,591)	(1,118,237)
Total Primary Government	\$ 10,445,699	\$ 9,929,282	\$ 11,525,284	\$ 11,241,500	\$ 11,152,514	\$ 11,325,819	\$ 11,341,776	\$ 11,644,154	\$ 12,461,284	\$ 13,243,677
<b>Change in Net Position</b>										
Governmental Activities	(262,927)	(1,510,507)	275,906	(984,740)	1,442,642	(2,366,589)	(1,449,922)	(1,246,970)	(954,280)	(452,753)
Business-Type Activities	2,971,824	1,451,936	630,900	2,109,715	1,719,078	2,708,751	558,527	(755,873)	(112,354)	(601,137)
Total Primary Government	\$ 2,708,897	\$ (58,571)	\$ 906,806	\$ 1,124,975	\$ 3,161,720	\$ 342,162	\$ (891,395)	\$ (2,002,843)	\$ (1,066,634)	\$ (1,053,890)

(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 GASB 65.

(4) Hotel Occupancy Tax was previously reported in the Sales Tax category.

Note: This information is presented using the accrual basis of accounting.

Source: Exhibit A-2

TABLE D-4

## CITY OF CORINTH, TEXAS

## FUND BALANCES OF GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

## (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

General Fund	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015	2016
Reserved	\$ 152,119	\$ 185,245	\$ 103,982	\$ 143,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Spendable	-	-	-	-	216,714	207,875	211,465	222,652	244,486	439,146
Unreserved	6,038,090	4,559,689	4,337,600	3,730,485	-	-	-	-	-	-
Unassigned	-	-	-	-	4,552,509	5,246,829	3,950,657	3,587,445	3,482,449	3,295,962
<b>Total General Fund</b>	<b>\$ 6,190,209</b>	<b>\$ 4,744,934</b>	<b>\$ 4,441,582</b>	<b>\$ 3,873,510</b>	<b>\$ 4,769,223</b>	<b>\$ 5,454,704</b>	<b>\$ 4,162,122</b>	<b>\$ 3,810,097</b>	<b>\$ 3,726,935</b>	<b>\$ 3,735,108</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 1,517,764	\$ 1,130,120	\$ 2,660,627	\$ 4,666,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	4,427,759	2,304,546	2,199,692	1,143,608	1,155,506	13,370,197
Committed	-	-	-	-	1,170,771	1,885,185	3,286,748	4,067,270	2,946,280	2,623,387
Unreserved, Reported In:										
Special Revenue Funds	1,190,922	1,472,819	1,862,162	1,879,248	-	-	-	-	-	-
Capital Projects Funds	9,324,007	10,639,614	7,670,458	2,054,708	-	-	-	-	-	-
Unassigned					(268,858)	(351,404)	(441,149)	(579,436)	(480,444)	(442,236)
<b>Total all other Governmental Funds</b>	<b>\$ 12,032,693</b>	<b>\$ 13,242,553</b>	<b>\$ 12,193,247</b>	<b>\$ 8,599,983</b>	<b>\$ 5,329,672</b>	<b>\$ 3,838,327</b>	<b>\$ 5,045,291</b>	<b>\$ 4,631,442</b>	<b>\$ 3,621,342</b>	<b>\$ 15,551,348</b>

(1) GASB 54 was implemented in 2011.

Source: Exhibit A-3



**CITY OF CORINTH, TEXAS**

**TABLE D-5**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(Unaudited)

Revenues	2007 <sup>(1)</sup>	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes	\$ 9,498,132	\$ 10,247,707	\$ 10,771,375	\$ 10,530,117	\$ 10,911,621	\$ 11,048,433	\$ 11,210,497	\$ 11,538,485	\$ 12,329,258	\$ 12,807,008
Licenses, Fees and Permits	468,395	400,375	283,232	304,009	1,091,761	661,689	285,165	903,407	1,050,172	797,332
Fines & Penalties	627,526	670,529	700,857	652,755	634,141	577,101	974,231	723,174	682,284	712,852
Charges for Services	782,146	2,639,945	3,256,122	3,529,997	2,547,590	2,531,739	2,534,668	2,826,329	3,132,880	3,159,963
Investment Earnings	562,354	740,741	318,461	207,717	98,470	63,010	49,427	53,967	55,043	87,433
Donations	-	-	-	713,564	1,012,607	947,567	571,827	89,514	96,633	186,220
Special Assessments	134,798	251,200	114,719	110,972	-	-	-	-	-	-
Intergovernmental	182,512	256,369	97,101	269,142	-	-	-	-	-	-
Other Revenues	48,776	613,801	99,494	63,697	160,522	205,271	190,849	82,083	123,070	292,949
<b>Total Revenues</b>	<b>12,304,639</b>	<b>15,820,667</b>	<b>15,641,361</b>	<b>16,381,970</b>	<b>16,456,712</b>	<b>16,034,810</b>	<b>15,816,664</b>	<b>16,216,959</b>	<b>17,469,340</b>	<b>18,043,757</b>
<b>Expenditures</b>										
Public Safety	2,682,837	8,120,829	7,740,539	8,241,429	8,073,621	7,520,802	8,393,476	9,422,471	9,167,774	9,702,983
Fire	1,995,931	-	-	-	-	-	-	-	-	-
Community Services	1,662,575	1,888,806	2,309,808	1,825,414	1,752,265	1,794,276	2,113,911	2,405,814	1,765,661	1,507,526
Public Works	1,471,635	1,464,051	929,424	876,510	1,640,574	1,222,644	878,847	1,483,829	2,600,403	1,721,981
Planning & Development	731,568	822,157	855,155	872,953	699,586	751,109	727,249	718,253	871,281	981,151
City Administration	573,526	1,237,314	1,498,948	1,659,476	1,454,431	1,444,883	1,591,760	1,636,334	1,766,937	2,173,809
Finance Services	895,690	705,898	685,409	672,763	614,157	641,484	655,646	652,321	732,037	862,114
General Government	-	1,185,301	973,949	-	-	-	-	-	-	-
Capital Outlay	-	-	-	6,098,235	5,122,041	890,602	27,648	-	-	3,727,303
Debt Service										
Principal	781,750	1,257,650	1,494,683	1,480,700	1,456,375	1,534,125	1,743,686	1,892,482	1,836,489	1,806,587
Interest	501,107	883,984	910,577	870,581	847,405	813,965	756,738	694,004	627,358	784,585
Paying Agent Fees	15,379	5,064	9,366	-	-	-	-	-	-	-
Bond Issuance Costs	149,074	728	1,107	27,827	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>11,461,072</b>	<b>17,571,782</b>	<b>17,408,965</b>	<b>22,625,888</b>	<b>21,660,455</b>	<b>16,613,890</b>	<b>16,888,961</b>	<b>18,905,508</b>	<b>19,367,940</b>	<b>23,268,039</b>
Excess of Revenues Over (Under) Expenditures	843,563	(1,751,115)	(1,767,604)	(6,243,918)	(5,203,743)	(579,080)	(1,072,297)	(2,688,549)	(1,898,600)	(5,224,282)
<b>Other Financing Sources (Uses)</b>										
Bonds Issued	12,139,950	-	-	1,500,000	-	-	-	-	-	17,116,713
Payments to Escrow Agent	(4,288,930)	-	-	-	-	-	-	-	-	(1,179,213)
Bond Premium/Discount	187,925	-	-	-	-	-	-	-	-	-
Capital Lease	-	-	5,434	-	-	-	-	-	-	-
Sale of Capital Assets	91,460	-	-	-	-	42,309	-	839,890	26,382	65,887
Transfers In/Out	(138,510)	1,515,701	360,418	550,426	2,734,363	(269,093)	986,679	1,082,783	778,956	1,159,074
<b>Total Other Financing Sources (Uses)</b>	<b>7,991,895</b>	<b>1,515,701</b>	<b>365,852</b>	<b>2,050,426</b>	<b>2,734,363</b>	<b>(226,784)</b>	<b>986,679</b>	<b>1,922,673</b>	<b>805,338</b>	<b>17,162,461</b>
<b>Net Change in Fund Balances</b>	<b>\$ 8,835,458</b>	<b>\$ (235,414)</b>	<b>\$ (1,401,752)</b>	<b>\$ (4,193,492)</b>	<b>\$ (2,469,380)</b>	<b>\$ (805,864)</b>	<b>\$ (85,618)</b>	<b>\$ (765,876)</b>	<b>\$ (1,093,262)</b>	<b>\$ 11,938,179</b>
Debt Service As A Percentage Of Noncapital Expenditures	14.5%	13.9%	16.1%	16.8%	16.2%	17.6%	17.4%	15.8%	14.6%	15.3%

(1) 2007 restated for debt reallocation.

Source: Exhibit A-5

**CITY OF CORINTH, TEXAS**

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales &amp; Hotel Tax</b>	<b>Franchise Tax</b>	<b>Total</b>
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
2014	8,675,915	1,822,924	1,039,646	11,538,485
2015	9,298,188	1,956,853	1,074,217	12,329,258
2016	9,636,032	2,102,066	1,068,910	12,807,008
Percent Change 2007-2016	32.15%	36.56%	60.21%	34.84%

(1) 2007 restated.

Source: A-5

TABLE D-7

**CITY OF CORINTH, TEXAS**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Taxable Assessed Value as a Percent of Actual Taxable Value
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	0.57698	1,393,914,517	97.629%
2010	1,153,359,201	325,754,337	92,100,190	1,387,013,348	0.57698	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	0.60489	1,397,218,493	100.000%
2014	1,221,191,136	295,352,467	85,760,821	1,430,782,782	0.60489	1,430,782,782	100.000%
2015	1,267,097,852	326,129,542	59,168,386	1,652,395,780	0.59489	1,652,395,780	100.000%
2016	1,348,410,542	385,457,523	95,347,173	1,638,520,892	0.58489	1,770,835,524	92.528%

Source: Denton Central Appraisal District.

**CITY OF CORINTH, TEXAS**

*DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS*

Fiscal Year	City Property Tax Rate			Overlapping Rates			
	O & M Tax Rate	General Obligation Debt Service	Total Tax Rate	Denton ISD	Lake Dallas ISD	Corinth Municipal Utility District	Denton County
2007	\$ 0.44739	\$ 0.10959	\$ 0.55698	\$ 1.76400	\$ 1.86000	\$ 0.31000	\$ 0.23190
2008 (1)	0.42739	0.12959	0.55698	1.49000	1.79000	0.31000	0.23577
2009	0.43852	0.13846	0.57698	1.49000	1.65000	0.31000	0.24980
2010 (2)	0.43852	0.13846	0.57698	1.49000	1.65000	0.21000	0.27390
2011 (2)	0.44946	0.14346	0.59292	1.53000	1.67000	0.15000	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	-	0.28290
2014	0.46143	0.14346	0.60489	1.53000	1.67000	-	0.28490
2015	0.45143	0.14346	0.59489	1.54000	1.67000	-	0.27220
2016	0.44143	0.14346	0.58489	1.54000	1.67000	-	0.26200

(1) Corrected the City's tax rate to equal the rate in effect for fiscal year 2008.

(2) Corrected the Corinth Municipal Utility District's tax rate to equal the rate in effect for fiscal year 2008.

Source: Denton County Appraisal District

**CITY OF CORINTH, TEXAS**

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	2016			2007		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Denton County Elec Coop	21,030,718	1	1.28%	11,094,119	2	0.91%
S. Corinth Apartments LLC DBA The Boulevard	15,178,509	2	0.93%			
ONCOR/TXU Electric Delivery Co	12,883,342	3	0.79%	13,954,760	1	1.15%
MPT of Corinth LP	12,815,000	4	0.78%			
HD Supply Power Solutions, LTD	12,613,427	5	0.77%			
Utter Properties, LLC	8,712,098	6	0.53%	5,693,439	7	0.47%
Texas NHI Investors LLC	8,390,000	7	0.51%			
Tower Ridge Corinth I, LTD	8,076,706	8	0.49%			
Utter, Bill	6,946,009	9	0.42%	4,909,784	8	0.40%
2-10 Properties LLC	6,477,481	10	0.40%			
Upsilon Corp				8,118,741	3	0.67%
Boeing - Corinth Inc.				7,685,799	4	0.63%
Kensington Square LP PS				6,365,745	5	0.52%
Albertson's				5,842,867	6	0.48%
Hughes Supply Inc				4,860,649	9	0.40%
CMC Land Inc				4,661,519	10	0.38%
Total	<u>113,123,290</u>		<u>6.90%</u>	<u>73,187,422</u>		<u>6.02%</u>

Source: Denton Central Appraisal District

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

**TABLE D-10**

<b>Fiscal Year Ended September 30</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
2007	\$ 7,234,271	\$ 7,166,741	99.07%	\$ 66,275	\$ 7,233,016	99.98%
2008	7,497,484	7,428,184	99.08%	67,482	7,495,666	99.98%
2009	8,213,110	8,155,554	99.30%	56,445	8,211,999	99.99%
2010	8,124,258	8,023,338	98.76%	99,314	8,122,652	99.98%
2011	8,222,763	8,121,978	98.77%	96,566	8,218,544	99.95%
2012	8,300,538	8,207,634	98.88%	84,166	8,291,800	99.89%
2013	8,453,267	8,425,528	99.67%	17,515	8,443,043	99.88%
2014	8,663,332	8,630,897	99.63%	21,485	8,652,382	99.87%
2015	9,187,621	9,160,871	99.71%	10,896	9,171,767	99.83%
2016	9,594,646	9,568,054	99.72%	-	9,568,054	99.72%

Source: Denton County Tax Office

**CITY OF CORINTH, TEXAS**

TAXABLE SALES BY CATEGORY

LAST TEN CALENDAR YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 (1)
Agriculture, Forestry, Fishing	-	-	-	-	-	-	-	-	-	-
Construction	6,311,434	3,302,190	1,292,850	311,261	942,329	2,146,600	2,781,669	2,318,987	4,309,632	1,959,021
Manufacturing	2,636,616	3,006,576	2,753,171	923,369	738,294	484,720	442,231	626,667	481,999	398,793
Utilities	91,172,054	101,525,049	84,365,709	90,520,993	90,939,863	82,316,673	92,911,304	109,928,880	110,581,672	46,189,928
Wholesale Trade	2,753,461	2,539,705	2,603,344	3,213,997	4,319,250	2,532,277	3,100,915	3,088,654	7,617,017	3,542,829
Retail Trade	24,101,476	22,599,645	19,620,574	20,762,549	22,852,835	26,103,441	26,504,414	27,888,328	29,287,734	14,438,198
Services	4,328,687	4,814,146	4,527,386	4,879,098	5,710,772	6,865,632	6,730,599	7,243,623	7,228,816	4,026,228
Other	20,875,584	20,980,030	18,906,284	19,772,152	21,602,742	23,290,303	24,190,424	24,648,881	25,034,737	12,546,306
<b>Total</b>	<b>152,179,312</b>	<b>158,767,341</b>	<b>134,069,318</b>	<b>140,383,419</b>	<b>147,106,085</b>	<b>143,739,646</b>	<b>156,661,556</b>	<b>175,744,020</b>	<b>184,541,607</b>	<b>83,101,303</b>
Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(1) Due to a reporting lag from the State Comptroller's Office, sales tax for 2016 reports only the first two quarters.

Source: Texas State Comptroller

**CITY OF CORINTH, TEXAS**

*DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>Corinth Direct Sales Tax Rate</b>	<b>Corinth Street Maintenance Sales Tax</b>	<b>Economic Development Sec. 4(B) Sales Tax</b>	<b>Corinth Crime Control &amp; Prevention Sales Tax</b>
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%
2014	1.00%	0.25%	0.50%	0.25%
2015	1.00%	0.25%	0.50%	0.25%
2016	1.00%	0.25%	0.50%	0.25%

Source: City of Corinth Finance department



## CITY OF CORINTH, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt			Percent of Actual Taxable Value of Property	Per Capita	Other Governmental Activities Debt	
	General Obligation Bonds	Certificates of Obligation/Tax Notes	Total Tax Supported Debt			Capital Leases	
2007	\$12,599,150	\$7,780,000	\$20,379,150	1.51%	\$1,048	\$67,098	
2008	11,791,500	9,154,333	20,945,833	1.50%	1,066	45,667	
2009	10,978,150	8,473,000	19,451,150	1.43%	983	23,314	
2010	10,106,450	9,364,000	19,470,450	1.40%	977	-	
2011	9,082,075	10,860,931	19,943,006	1.43%	1,000	-	
2012	8,004,950	10,403,931	18,408,881	1.32%	922	-	
2013	6,887,875	8,682,775	15,570,650	1.11%	774	-	
2014	5,738,000	8,021,998	13,759,998	0.96%	669	758,058	
2015	4,611,500	7,388,904	12,000,404	0.73%	582	683,391	
2016	3,458,925	20,102,388	23,561,313	1.44%	1,136	1,298,191	

Fiscal Year	Business-Type Activities				Total Primary Government	Per Capita	Percent of Personal Income
	General Obligation Bonds	Certificates of Obligation	Total	Capital Leases			
2007	\$2,615,850	\$15,930,000	\$18,545,850	\$67,098	\$39,059,196	\$2,008	5.50%
2008	2,413,500	13,620,667	16,034,167	45,667	37,071,334	1,887	5.26%
2009	2,176,850	13,327,000	15,503,850	23,314	35,001,628	1,769	4.78%
2010	1,923,550	12,956,000	14,879,550	-	34,350,000	1,724	4.65%
2011	1,777,925	10,509,069	12,286,994	-	32,230,000	1,617	4.35%
2012	1,625,050	11,060,615	12,685,665	-	31,094,546	1,558	4.40%
2013	1,467,125	10,492,224	11,959,349	-	27,529,999	1,368	3.75%
2014	1,307,000	9,898,002	11,205,002	-	25,723,058	1,250	3.34%
2015	1,063,500	9,341,096	10,404,596	-	23,088,391	1,120	2.92%
2016	816,075	8,752,609	9,568,684	-	34,428,188	1,660	4.22%

Source: City of Corinth Finance department

**CITY OF CORINTH, TEXAS****TABLE D-14**

*RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percent of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2007	\$12,599,150	0.92%	\$648
2008	11,791,500	0.83%	600
2009	10,978,150	0.79%	555
2010	10,106,450	0.73%	507
2011	9,082,075	0.65%	456
2012	8,004,950	0.58%	401
2013	6,887,875	0.49%	342
2014	5,738,000	0.40%	279
2015	4,611,500	0.28%	224
2016	3,458,925	0.20%	167

Source: City of Corinth Finance department

# CITY OF CORINTH, TEXAS

DIRECT AND OVERLAPPING

GOVERNMENTAL ACTIVITIES DEBT

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percent Applicable</b>	<b>Estimated Share of Direct &amp; Overlapping Debt</b>
Debt Repaid With Property Taxes			
Denton Co.	\$ 608,895,000	2.19%	\$ 13,334,801
Denton ISD	839,287,749	6.57%	55,141,205
Lake Dallas ISD	82,931,615	44.46%	<u>36,871,396</u>
Subtotal, Overlapping Debt			105,347,402
City Direct Debt (1)			<u>23,561,313</u>
Total Direct and Overlapping Debt			<u>\$ 128,908,715</u>

(1) Does not include self-supporting debt.

Source: First Southwest Financial Services (Municipal Advisory Council of Texas)

HELP: Enter the data in this schedule manually.

TABLE D-16

**CITY OF CORINTH, TEXAS**

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 121,504,628	\$ 134,609,581	\$ 142,209,231	\$ 138,701,335	\$ 139,050,693	\$ 139,178,661	\$ 139,721,850	\$ 143,078,278	\$ 165,239,578	\$ 163,852,089
Total Net Debt Applicable to Limit	38,925,000	36,980,000	34,200,916	30,682,714	28,552,904	28,999,184	26,529,182	24,636,963	22,180,581	32,782,746
Legal Debt Margin	\$ 82,579,628	\$ 97,629,581	\$ 108,008,315	\$ 108,018,621	\$ 110,497,789	\$ 110,179,477	\$ 113,192,668	\$ 118,441,315	\$ 143,058,997	\$ 131,069,343
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	32.04%	27.47%	24.05%	22.12%	20.53%	20.84%	18.99%	17.22%	13.42%	20.01%

Assessed Value	\$ 1,638,520,892
Debt Limit (10% of Assessed Value)	163,852,089
Debt Applicable to Limit:	
Total Debt Outstanding	33,130,000
Less: Amount Set Aside for Repayment of Debt	<u>347,254</u>
Total Net Debt applicable to Limit	<u>32,782,746</u>
Legal Debt Margin	<u>\$ 131,069,343</u>

Source: City of Corinth Finance department

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population	19,450	19,650	19,788	19,926	19,935	19,961	20,126	20,578	20,620	20,740
Median Household Income [1]	93,776	92,179	95,696	96,653	99,127	101,176	104,211	106,877	109,543	112,169
Per Capita Personal Income	36,498	35,876	36,987	37,097	37,135	35,388	36,450	37,411	38,372	39,357
Median Age	31	32	32	32	33	36	36	36	36	36
Education Level [2]										
School Enrollment	N/A	N/A	N/A	3,465	3,338	3,533	3,398	3,490	3,582	3,408
High school graduate or higher	96%	96%	96%	96%	96%	96%	97%	97%	97%	97%
Bachelor's degree or higher	39%	39%	40%	42%	42%	43%	40%	42%	42%	40%
Unemployment [3]	4.00%	4.80%	7.10%	7.10%	6.60%	5.70%	5.30%	4.40%	4.40%	3.80%

[1] These figures are based on Catalyst Commercial and current trends.

[2] The school enrollment (Denton / Lake Dallas ISD) figures are based on numbers provided by the Texas Education Agency (TEA).

[3] The unemployment figures shown above are for Denton County, as calculated by the Labor Market and Career Information (LMCI) Department of the Texas Workforce Commission.

Source: City of Corinth Economic Development

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

	2016			2007 [1]		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Labinal				600	1	0.00%
CoServ	440	1	9.32%	300	2	0.00%
North Central Texas College	340	2	7.20%	200	3	0.00%
Lake Dallas ISD	197	3	4.17%			
Denton ISD	166	4	3.52%			
City of Corinth	160	5	3.39%	165	4	0.00%
Bill Utter Ford	150	6	3.19%	110	6	0.00%
Oakmont Country Club	101	7	2.14%			
Denton Area Teachers Credit Union	100	8	2.12%			
Albertsons	90	9	1.91%	115	5	0.00%
Mac Haik Nissan	65	10	1.38%			
Grande Communications				100	7	0.00%
Harley Davidson				50	8	0.00%
Total	<u>1,809</u>		<u>38.34%</u>	<u>1,640</u>		<u>0.00%</u>

[1] 2007 percentage of total city employment is unavailable and only reported the top 8 principal employers.

Source: City of Corinth Economic Development

**CITY OF CORINTH, TEXAS**

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Government</b>										
City Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Legal	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Police	31.00	31.00	31.00	28.00	28.00	28.00	31.00	32.00	33.00	34.00
Animal Control	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Lake Cities Fire Department [1]	40.00	41.00	41.00	41.00	41.00	40.00	40.00	41.00	41.00	41.00
Streets	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00
Fleet Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Community Development [2]	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Planning	4.00	5.00	5.00	4.00	4.00	3.00	4.00	5.00	5.00	5.00
Code Enforcement [2]	1.00	1.00	-	-	-	-	-	-	-	-
Municipal Court	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	4.00
Parks & Recreation	18.30	18.30	18.30	17.80	17.80	17.50	17.50	16.00	16.00	14.00
Finance	6.00	7.00	7.00	6.50	6.50	6.50	6.50	7.50	7.50	7.50
Human Resources	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Information Services	2.00	2.00	2.00	2.50	2.50	3.00	3.00	4.00	4.00	5.00
<b>Water/Wastewater Fund</b>										
Water/Wastewater	23.00	23.00	23.00	21.00	21.00	21.00	21.00	21.00	22.00	22.00
Utility Billing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Storm Drainage Fund</b>	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Corinth Economic Development Cor</b>	1.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
<b>Crime Control District Fund</b>	-	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
<b>Child Safety Program Fund</b>	-	-	-	0.34	0.34	0.34	0.50	0.50	0.50	0.50
<b>Court Security Fund</b>	-	-	-	-	-	-	-	-	0.50	0.50
<b>Total</b>	<b>157.80</b>	<b>165.80</b>	<b>164.80</b>	<b>158.64</b>	<b>158.64</b>	<b>156.84</b>	<b>159.00</b>	<b>162.50</b>	<b>163.00</b>	<b>163.00</b>

[1] The Lake Cities Fire Department became a wholly integrated department of the City of Corinth on January 18, 2008.

[2] Code Enforcement was combined with Community Development starting in 2009.

Source: City of Corinth Adopted Budget.

## CITY OF CORINTH, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Government</b>										
New Single Family Home Building Permits	50	18	20	25	32	18	18	23	47	53
New Commercial Building Permits	3	7	2	2	2	2	-	4	5	7
<b>Police</b>										
Physical Arrests	572	565	531	516	410	349	316	304	329	426
Parking Violations [8]	51	22	41	20	38	14	3	7	22	-
Traffic Violations	7,102	6,756	5,978	6,046	5,544	5,787	7,021	7,436	7,196	6,013
<b>Fire</b>										
Emergency Responses [1]	1,089	2,235	2,198	2,422	2,600	2,655	2,889	3,164	3,372	3,475
Structure Fires Extinguished	42	33	55	56	66	49	36	21	18	37
Inspections	349	330	313	376	395	180	621	434	204	403
<b>Other Public Works</b>										
Street Resurfacing (miles)	1	<1	<1	2.5	2.7	1.5	<1	<1	<1	<1
Potholes Repaired	6,080	1,275	1,110	637	1,160	2,948	120	77	244	126
<b>Parks and Recreation</b>										
Classes offered (hours) [2]	526	1,935	1,424	894	454	273	286	437	310	72
Participants	3,758	7,501	7,162	4,420	4,105	1,936	2,225	3,822	6,609	320
Special events (hours) [2]	117	698	963	1,351	4,484	1,054	2,381	3,432	2,699	3,530
Class Participants [3]	22,000	18,187	22,065	31,409	39,567	8,312	4,714	5,185	2,394	3,375
Association Participants [4]	24,880	82,890	83,010	115,910	126,940	25,236	20,327	18,806	29,792	26,766
Athletic League Participants [4]	-	-	-	-	-	67,056	32,022	22,944	7,936	-
Recreation center Participants [5]	15,768	10,072	7,095	5,327	4,243	7,610	8,088	4,862	2,510	-
<b>Water</b>										
New Connections	98	12	15	35	50	18	19	26	56	44
Water Main Breaks	5	11	26	9	8	3	13	9	8	6
Average Daily Consumption (millions of gallons billed)	2.45	2.66	2.60	2.24	3.77	4.24	3.66	3.16	3.54	2.56
Peak Demand (millions of gallons pumped)	5.59	7.00	6.24	6.36	7.99	7.32	6.08	6.01	6.71	6.84
<b>Wastewater</b>										
New Connections	151	14	16	35	43	18	19	23	51	35
Average Daily Sewage Treatment (MGD)										
Upper Trinity Regional Water District [6]	1.05	1.01	1.05	1.20	1.02	1.10	1.08	1.06	1.19	1.40
City of Denton (estimate) [6] [7]	0.70	0.92	0.84	0.92	0.30	1.78	0.25	0.29	0.20	0.25

[1] In fiscal year 2008 the Lake Cities Fire department was incorporated into the City of Corinth. Emergency responses include all four cities that the Lake Cities Fire department serves.

[2] The information provided for fiscal year 2007 reflects the number of classes/special events and does not reflect the total hours.

[3] In prior years class participants included volunteers and hours, in FY2012 the methodology was revised to only count the actual participants.

[4] In FY2012 the City started managing the baseball programs so athletic participation was added to be able to track City program participation. In 2014-15 the City turned over the baseball program to the Softball Association.

[5] In FY 2007 the City Lost the use of Crownover Middle School recreation facilities and reduced hours at the Woods Building recreation center for construction.

[6] The City transferred some flows from the Denton sewer basin to the Upper Trinity sewer basin beginning in February, 2007.

[7] The City of Denton bills the City of Corinth based on one sewage flow meter and two areas based on connection count; flows are based on estimates.

Source: Various City of Corinth departments.



## CITY OF CORINTH, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	18	18	18	18	18	18	18	18	18	18
<b>Fire Stations</b>										
	2	2	2	2	2	2	2	2	2	2
<b>Other Public Works</b>										
Streets (miles) [1]	107.89	110.00	110.00	110.50	110.50	88.99	88.99	88.99	88.99	88.99
Highways (miles) [2]	3.10	3.10	3.10	3.10	3.10	6.29	6.29	6.29	6.29	6.29
Traffic Signals	2	2	2	2	6	7	8	8	8	8
<b>Parks and Recreation</b>										
Acreage	184	184	184	184	184	184	184	184	184	184
Playgrounds	11	11	11	11	11	11	11	11	11	13
Baseball/Softball Fields	7	8	8	8	8	8	8	9	9	9
Soccer/Football Fields	6	6	6	6	6	6	8	8	8	8
Recreation Centers [4]	2	2	2	2	2	2	2	2	2	1
Trails (miles)	12.74	12.74	12.74	12.74	12.74	12.74	12.74	12.74	12.74	12.74
<b>Water</b>										
Connections	6,672	6,671	6,719	6,766	6,780	6,809	6,810	6,831	6,977	7,016
Water Mains (miles)	103.29	103.29	105.47	106.14	108.06	110.40	110.63	111.77	112.70	113.48
Fire Hydrants	732	732	774	785	787	810	822	826	836	855
Storage Capacity (millions of gallons)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.50	7.50
Subscribed Capacity, UTRWD (MGD)	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
<b>Wastewater</b>										
Connections	6,418	6,413	6,452	6,433	6,512	6,537	6,536	6,573	6,705	6,736
Sanitary Sewers (miles)	93.68	93.68	96.21	96.38	97.64	97.88	98.33	98.09	98.30	98.99
Storm Sewers (miles)	31.00	31.00	33.46	35.30	36.85	38.37	38.73	38.71	39.80	40.59
Treatment Capacity, UTRWD (MGD) [3]	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82

[1] The reduction in streets is due to the elimination of unpaved streets from the database.

[2] The increase in highways is due to the addition of the northbound and southbound roadways.

[3] The City of Denton bills the City of Corinth based on one sewage flow meter and two areas based on connection count; UTRWD uses a take-or-pay system of billing in which the member city (Corinth) purchases peak capacity. UTRWD data is corrected per original contracts.

[4] The decrease is due to no longer using the Crownover Middle School Building for recreation activities.

Source: Various City of Corinth departments.