

City of Corinth, Texas



Comprehensive Annual Financial Report For the fiscal year ended September 30, 2008

**CITY OF CORINTH
ELECTED OFFICIALS**



Paul Ruggiere
Mayor



Joe Harrison
Mayor Pro Tem
Council Place IV



Bruce Hanson
Council Place V



MISSION STATEMENT

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



John Booher
Council Place III



Jim Mayfield
Council Place II



Randy Gibbons
Council Place I

CITY OF CORINTH

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended September 30, 2008



**Jim Berzina
INTERIM CITY MANAGER**

**Department of
Finance & Administrative Services**

**Lee Ann Bunselmeyer
Director of Finance**

**Caryn Riggs
Controller**

City of Corinth, Texas
 Comprehensive Annual Financial Report
 For The Year Ended September 30, 2008

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INTRODUCTORY SECTION



3300 Corinth Parkway · Corinth, TX · 940.498.3200

October 30, 2009

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, 2008. The purpose of this report is to provide the council, staff, the citizens of Corinth and other interested parties with detailed information reflecting the City's financial condition.

This report satisfies §103.001 of the Texas Local Government Code and was conducted in accordance with Section 9.12 of the City Charter. The comprehensive annual financial report (CAFR) consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Corinth's financial statements have been audited by Rutledge, Crain & Company, PC, a firm of licensed certified public accountants. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City of Corinth, for the fiscal year ended September 30, 2008, 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, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this annual report.

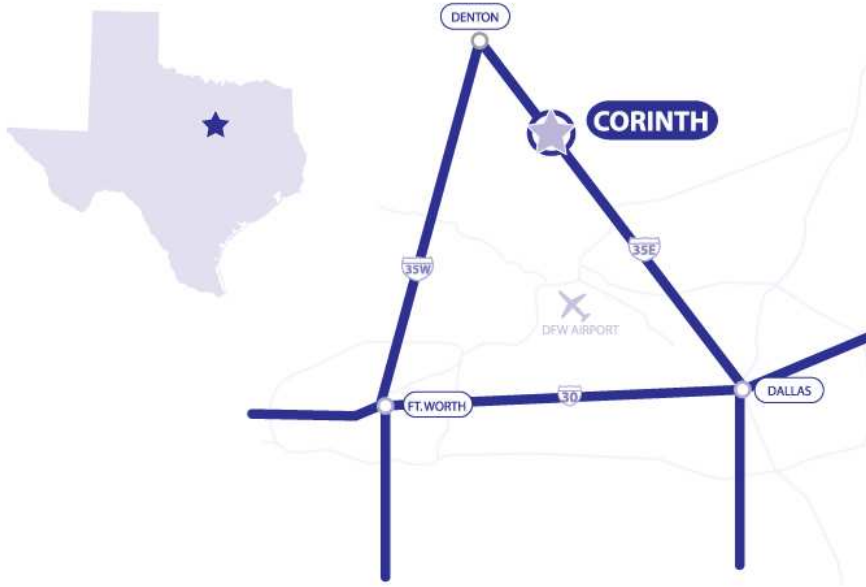
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City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

PROFILE OF THE GOVERNMENT

The City of Corinth, which incorporated September 19, 1960, is located in the north central portion of Texas. This area of the state has proven to be one of the top growth areas in Texas and the United States. The City currently

occupies a land area of 7.8 square miles and serves a growing population of approximately 19,650. The City is empowered to levy a property tax on real property located within its boundaries. Corinth is also empowered, by state statute, to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the governing council of the City.

Corinth has operated under the council-manager form of government since May 6, 1999. This has become a popular form of government throughout the State of Texas.



Policy-making and legislative authority are vested in the City Council consisting of the mayor and five other members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing boards and committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the government, and for appointing the heads of the various City departments. The City Council is elected on a non-partisan, at-large basis. Council members serve two-year staggered terms, with three members elected on one of the two-year rotations, and the Mayor and two remaining members elected on the other two-year rotation.



The City of Corinth provides a full range of municipal services including general government, public safety (police, fire, and animal control), streets, parks and recreation, planning and zoning, code enforcement, and water/wastewater and drainage utilities. Water/wastewater and drainage services are provided through the public works department, which functions, in essence, as a department of the City and therefore has been included as an integral part of the City's financial statements. The Lake Cities Fire Department, previously a legally separate entity, became a department of the City of Corinth on January 18, 2008. The LCFD continues to provide fire and ambulance service for the City and the other lake cities of Shady Shores, Lake Dallas, and Hickory Creek.

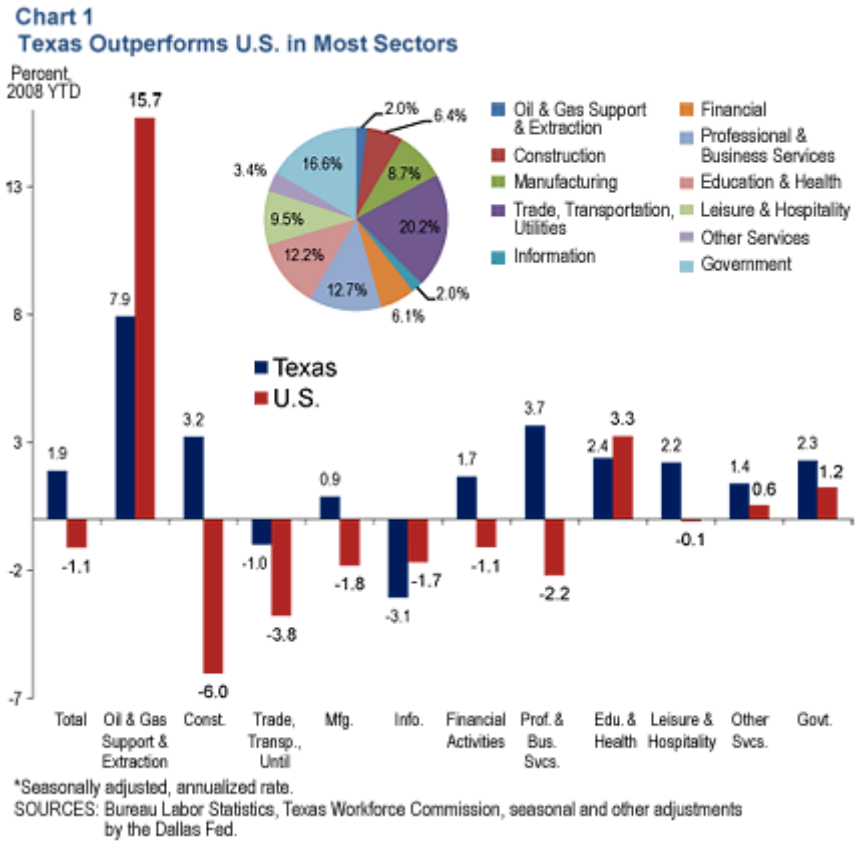
The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by State law, City Charter, and Council Ordinances. All departments of the City of Corinth are required to submit requests for appropriation to the City Manager based on a budget calendar issued annually. The City Manager uses these requests as the starting point for developing the proposed budget. The proposed budget is then presented to the City Council for review prior to approval and adoption. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (i.e., Community Services), department (i.e., Community Services) and division (i.e., Recreation). Department Directors may make transfers of appropriations between divisions within a department. Transfers of appropriations between departments require the approval of the City Manager. Any changes to appropriations or transfers between funds require City Council approval. Budgetary comparison schedules are provided in this report in the required

supplemental information subsection for the general fund, and in the supplemental information subsection for other funds with legally adopted annual budgets.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy - The City of Corinth, as well as the State of Texas, experienced a weakening economy in 2008. The overall Texas economy is still considered healthier than most of the country; Texas housing markets have not been hit as hard as others. According to the Texas Index of Leading Indicators, published by the Dallas Federal Reserve, the Texas economy experienced a sharp negative adjustment in September in employment growth and the downturn in the housing sector is evidenced by the continuing fall in single-family building permits. Economists at the Dallas Federal Reserve noted in October, “The Texas economy is facing the same headwinds afflicting the nation as a whole. In the third quarter, Texas showed growth, but at a slower pace than in previous periods. It appears the credit crunch is taking a toll in the region. High energy prices—which were supporting the oil and gas industry in Texas—have pulled back severely in recent weeks, but this also means businesses and consumers get some relief from the elevated prices.” The following chart illustrates the Texas economy relative to that of the U.S. as a whole during 2008.¹



The local economy of Corinth expanded at a modest rate. Corinth continues to rely heavily on property tax to support its continuing operations, with the City being approximately 85 percent residential. Certified property values rose for the 2007 tax year by \$85 million, a 3.29 percent increase over the 2006 certified value, which had increased 6.0 percent over the previous year. While home values increased, franchise fees from locally operating utility companies came in significantly under expectations due to the mild weather experienced in the region during the spring and summer. Increased rainfall reduced not only electric franchise fees but also water consumption and the resultant revenue.

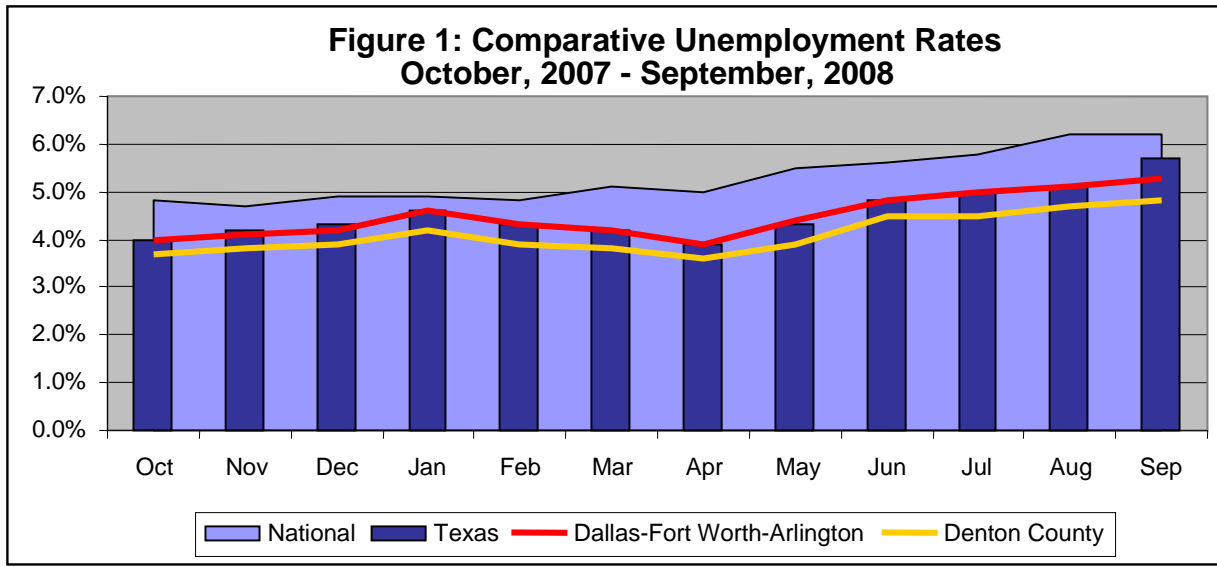
Sales tax revenue increased during the fiscal year by a moderate amount, but significantly less than the increase of 19

percent in the prior year. Primarily a residential community, Corinth relies heavily on sales tax from taxes paid on utilities. With mild weather for the majority of fiscal year 2008, the sales tax collected on utilities was considerably below average. That sales tax collections nevertheless increased overall indicates healthy growth in Corinth's retail sales. All sales tax collections are as reported by the Texas Comptroller of Public Accounts².

¹ Source: Federal Reserve Bank of Dallas, Regional Economic Update. www.dallasfed.org.

² Collections for the twelve month period ending September 30, 2007.

The north central region of Texas possesses a varied manufacturing and industrial base. Approximately half of the local workforce is employed in management, professional, and related occupations. Figures from the Texas Workforce Commission indicate a local unemployment rate (Denton County) of 4.0 percent.³ For the same period the Dallas Fort Worth-Arlington Statistical Area unemployment rate was 4.3 percent, the overall state of Texas rate was 4.4 percent and the nation as a whole was 4.5 percent.⁴ The local 4.80 percent rate is a significant increase from 4.0 percent for the same period one year ago. Unemployment in Corinth and surrounding areas, while tracking similarly, is consistently lower than that of the Dallas Fort Worth area, the state of Texas and the nation. (Figure 1.)



The outlook for Corinth and the state of Texas in 2009 will likely continue to track the nation as a whole, with unemployment expected to be as high as 8%. Dana Johnson, chief economist at Dallas-based Comerica states that, “broadly speaking, I think Texas is going to perform about the same or a little bit better than the U.S. economy. I think we’ll have some pretty gargantuan losses in the beginning of the year, and then I think things will get a little bit better.”⁵

Major employers in the City of Corinth include:

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

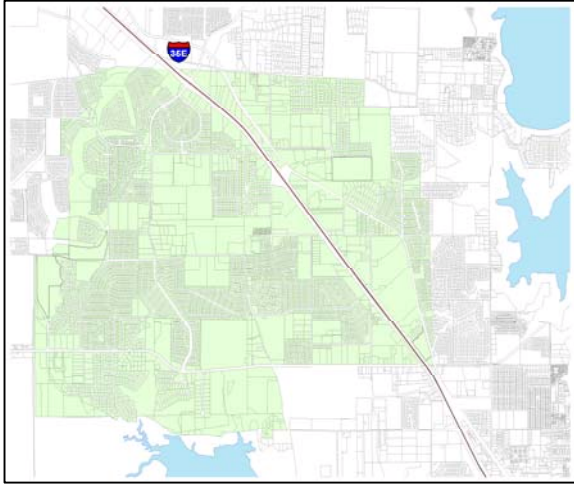
Corinth’s location, straddling the I35E corridor in Denton County, is ideal for both businesses and residents many of whom commute north to Denton or south to Lewisville or Dallas. Corinth maintains a small-town feel while having the advantages of nearby metro areas. The City is continuing to work to increase its sales tax base with the Corinth Economic Development Corporation which receives the proceeds from a ½ cent sales

³ Source: Texas Workforce Commission. www.twc.state.tx.us

⁴ Source: Texas Workforce Commission. www.twc.state.tx.us; seasonally unadjusted unemployment rate.

⁵ Brendan Case, “Dallas Fed Predicts 8% Unemployment Rate in Texas This Year,” *Dallas Morning News*, Wednesday, March 4, 2009.

tax enacted in 2003. Corinth is currently focused on encouraging commercial development and providing the infrastructure required to support it.



LONG-TERM FINANCIAL PLANNING

The ongoing financial management of the City requires long-term planning for growth and development as well as maintenance of the existing infrastructure. The management and staff remain committed to strategic planning for the future of the City and continuing to provide services to the residents and businesses of Corinth.

The five-year capital improvement plan developed in fiscal year 2006 was implemented in 2007. The City issued \$23,630,000 in combination tax and revenue certificates of obligation for infrastructure needs on August 16, 2007. Water, wastewater and drainage projects comprise approximately two-thirds of the funding. Streets

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

The five-year rate structure update for water and wastewater services adopted with the fiscal year 2006-07 budget continued with the adoption of the 2009-10 budget. The staff, City Manager and Council maintain a commitment to work together to evaluate the economic factors affecting the cost of providing service and how best to meet the needs of the citizens and businesses of Corinth.



CASH MANAGEMENT POLICIES AND PRACTICES

The City updates the formal investment policy each November. The purpose of the investment policy is to set forth specific investment policy and strategy guidelines for the City in order to achieve the goals of safety, liquidity, rate of return, and public trust for all investment activities.

Funds of the City shall be invested in accordance with all applicable Texas statutes, this Policy and any other approved, written administrative procedures. The five objectives of the City's investment activities shall be as follows (in order of priority):

- 1) Safety – Preservation and Safety of Principal
Safety of principal invested is the foremost objective in the investment decisions of the City.
- 2) Liquidity
The investment portfolio shall be managed to maintain liquidity to ensure that funds will be available to meet the City's cash flow requirements and by investing in securities with active secondary markets.
- 3) Diversification
Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the City.

4) Market Rate-of-Return (Yield)

The City's investment portfolio shall be designed to optimize a market rate-of-return on investments consistent with risk constraints and cash flow requirements of the portfolio.

5) Public Trust

The Investment Officer shall avoid any transactions that might impair public confidence in the City's ability to govern effectively. The prudence of the investment decision shall be measured in accordance with the tests set forth in Section 2256.006(b) of the Public Funds Investment Act.

The City began an active investment program at the end of fiscal year 2006. The maturities of the investments range from 30 days to 36 months, with an average maturity of approximately 326 days. The average yield on investments each quarter was 5.12 percent. Corinth adheres to the investment guidelines set forth in the Public Funds Investment Act (PFIA).

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Association of the United States and Canada (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, 2007. In order to be awarded the *Certificate of Achievement*, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report which contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A *Certificate of Achievement* is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report 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 to the *Certificate*, the City received GFOA's *Award for Distinguished Budget Presentation* for its fiscal year 2007 annual budget document. In order to qualify for the *Award*, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and as an operations guide. Together, the *Award* and the *Certificate* acknowledge Finance Division staff's dedication to producing documents that effectively communicate the City's financial condition to elected officials, city administrators, and the citizens of Corinth.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration services department. We would like to express our appreciation for the assistance provided by our auditors, Rutledge, Crain & Company. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Corinth and its finances.

Respectfully Submitted,

Signature Redacted

Jim Berzina
Interim City Manager

Signature Redacted

Lee Ann Bunselmeyer
Director of Finance

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, 2007

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



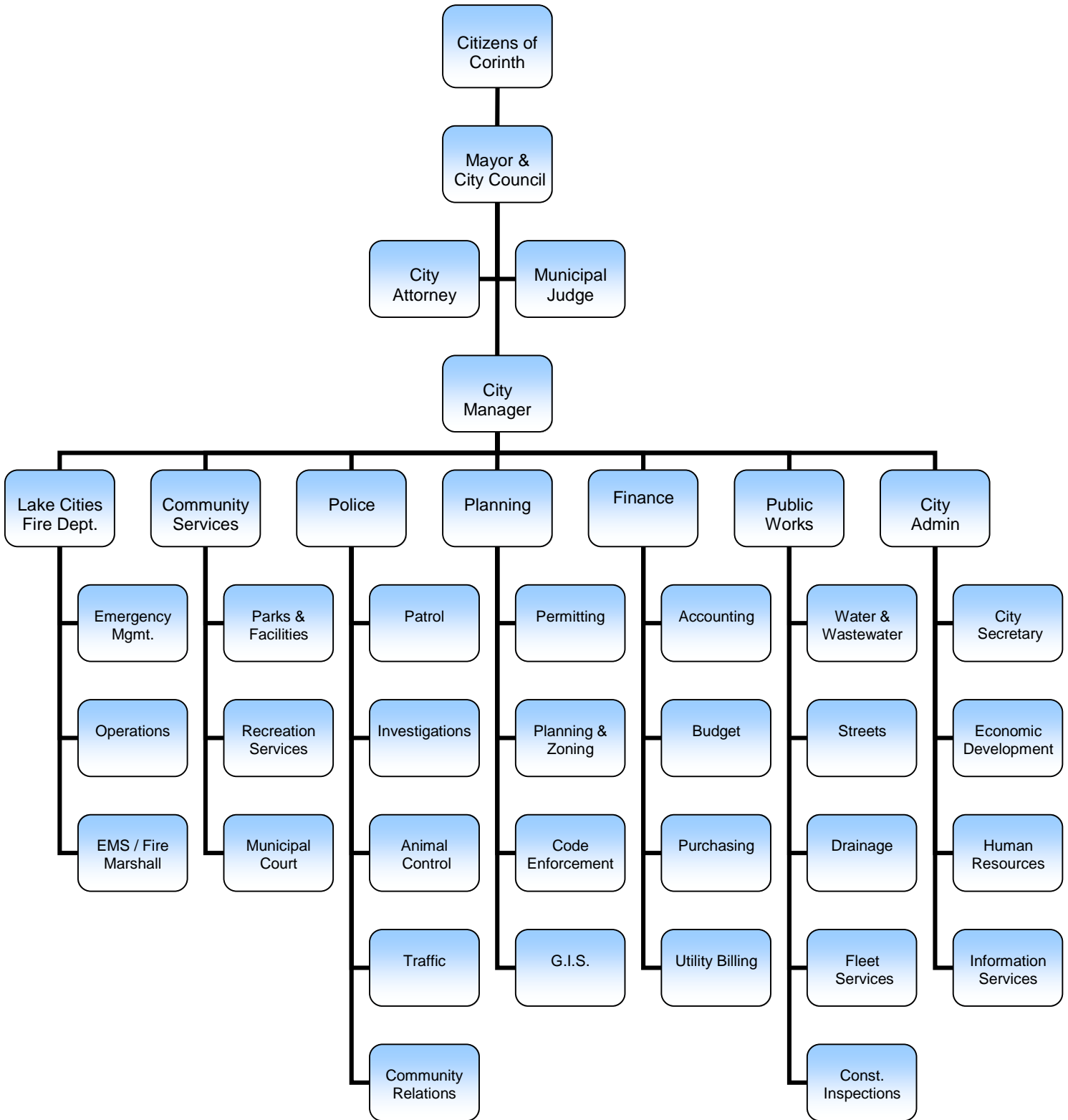
A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

ORGANIZATIONAL CHART



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

Elected Officials:

Paul Ruggiere
Mayor

Randy Gibbons
Council Place I

Jim Mayfield
Council Place II

John Booher
Council Place III

Joe Harrison
Mayor Pro Tem, Council Place IV

Bruce Hanson
Council Place V

Appointed Officials:

Jim Berzina
Interim City Manager

LeeAnn Bunselmeyer
Director of Finance

Justin Brown
Director of Public Works

Fred Gibbs
Director of Planning and Community Development

Paul Leslie
Director of Community Services

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FINANCIAL SECTION

RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
2401 Garden Park Court, Suite B
Arlington, Texas 76013

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Corinth, Texas


We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Corinth, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Corinth, Texas management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Corinth, Texas, as of September 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 13 through 25 and 65 through 66, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corinth, Texas basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


October 30, 2009

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Management's Discussion and Analysis

As management of the City of Corinth, (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is included in this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$72,967,893 (*net assets*).
- The government's total net assets, as restated, decreased \$58,571 in comparison with the prior year. The decrease in net assets reflects the degree to which expenses exceeded revenues.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,987,487, a decrease of \$235,414 in comparison with the prior year. Of the combined ending balances, \$16,672,122 or 92.7 percent is available for spending within the City's guidelines (*unreserved fund balance*).
- The City's unreserved fund balance for the general fund was \$4,559,689, or 34.0 percent of total general fund expenditures.
- The City's long term liabilities of \$38,230,553 decreased \$1,635,760 during fiscal year 2008. The decrease reflects the principal portion of debt payments; no new debt was issued in fiscal year 2008.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Corinth's basic financial statements. The City of Corinth basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the City:

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

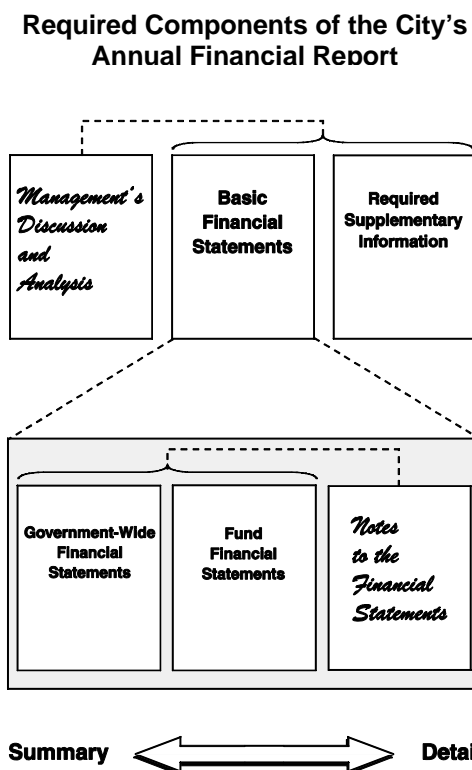


Figure 1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

Management's Discussion and Analysis

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

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

The *statement of activities* presents information showing

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

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

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

The government-wide financial statements can be found starting on page 27 of this report.

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

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

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

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

Type of Statements	Government-wide	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"> Statement of net assets Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures & changes in fund balance 	<ul style="list-style-type: none"> Statement of net assets Statement of revenues, expenditures & changes in fund net assets Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; may contain capital assets
Type of inflow/outflow information	All revenue and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenue and expenses during year, regardless of when cash is received or paid	All revenue and expenses during year, regardless of when cash is received or paid

Management's Discussion and Analysis

sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Corinth maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the 2007 CIP Streets fund, which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single aggregated presentation. Fund data for the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found starting on page 30 of this report.

Proprietary funds. The City of Corinth maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Corinth uses two enterprise funds to account for its water and wastewater operations and for its storm water utility fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater utility fund and the storm water utility fund. The water and wastewater utility fund is considered to be a major fund of the City.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 42 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$72,967,893 at the close of the most recent fiscal year.

By far the largest portion of the City of Corinth's net assets (80.3 percent) reflects its investment in capital assets (i.e., land, buildings, infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Corinth uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Corinth's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets (4.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11,342,400) may be used to meet the City's ongoing obligations to citizens and creditors. The City currently has \$35,063,189 available in cash and investments that may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year the City of Corinth is able to report positive balances in the government-wide as a whole and the business-type activities of net assets while reporting a negative amount in the governmental activities and overall. For the prior year the City reported positive balances in all three categories.

Management's Discussion and Analysis

TABLE I
City of Corinth Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 19,980,506	\$ 20,081,478	\$ 18,938,471	\$ 20,137,056	\$ 38,918,977	\$ 40,218,534
Capital assets	55,323,254	55,922,674	19,314,585	19,293,256	74,637,839	75,215,930
Total assets	75,303,760	76,004,152	38,253,056	39,430,312	113,556,816	115,434,464
Long-term liabilities outstanding	21,827,705	20,997,290	16,402,848	18,869,023	38,230,553	39,866,313
Other liabilities	1,342,326	1,362,626	1,016,044	1,179,061	2,358,370	2,541,687
Total liabilities	23,170,031	22,359,916	17,418,892	20,048,084	40,588,923	42,408,000
Net assets:						
Invested in capital assets, net of related debt	43,000,166	44,772,247	15,604,347	16,086,492	58,604,513	60,858,739
Restricted	3,020,980	3,109,568	-	-	3,020,980	3,109,568
Unrestricted	6,112,583	5,762,421	5,229,817	3,295,736	11,342,400	9,058,157
Total net assets	\$ 52,133,729	\$ 53,644,236	\$ 20,834,164	\$ 19,382,228	\$ 72,967,893	\$ 73,026,464

Governmental activities. As shown above, governmental activities decreased net assets by \$1,510,507 business-type activities increased net assets by \$1,451,936. A detailed examination of all the elements effecting net assets can be found in Table II.

TABLE II
City of Corinth Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	\$ 3,948,827	\$ 1,989,657	\$ 10,664,758	\$ 9,139,288	\$ 14,613,585	\$ 11,128,945
Operating grants and contributions	271,544	202,291	-	-	271,544	202,291
Capital grants and contributions	725,200	1,055,742	2,071,941	2,127,103	2,797,141	3,182,845
General revenues						
Property taxes	7,784,085	7,362,347	-	-	7,784,085	7,362,347
Sales taxes	1,523,963	1,539,307	-	-	1,523,963	1,539,307
Franchise taxes	894,191	667,199	-	-	894,191	667,199
Other taxes	-	-	-	-	-	-
Investment interest	740,740	562,353	643,642	164,853	1,384,382	727,206
Miscellaneous	73,884	46,395	11,212	103,244	85,096	149,639
Total Revenues	15,962,434	13,425,291	13,391,553	11,534,488	29,353,987	24,959,779
Expenses:						
Public safety	6,891,366	4,741,276	-	-	6,891,366	4,741,276
Lake Cities Fire Department	-	-	-	-	-	-
Community services	1,950,842	1,805,271	-	-	1,950,842	1,805,271
Public works	4,571,006	4,065,127	-	-	4,571,006	4,065,127
Planning and community development	810,774	744,218	-	-	810,774	744,218
City administration	1,425,905	1,128,519	-	-	1,425,905	1,128,519
Finance and administrative services	702,155	534,316	-	-	702,155	534,316
Interest on long-term debt	894,159	530,981	-	-	894,159	530,981
Water and wastewater	-	-	9,959,789	8,353,563	9,959,789	8,353,563
Drainage	-	-	464,127	347,612	464,127	347,612
Total Expenses	17,246,207	13,549,708	10,423,916	8,701,175	27,670,123	22,250,883
Increase (decrease) in net assets before transfers, contributions and special items	(1,283,773)	(124,417)	2,967,637	2,833,313	1,683,864	2,708,896
Special Item Outflow	(1,742,435)	-	-	-	(1,742,435)	-
Net transfers	1,515,701	(138,510)	(1,515,701)	138,510	-	-
Increase (decrease) in net assets	(1,510,507)	(262,927)	1,451,936	2,971,823	(58,571)	2,708,896
Net assets - beginning, as restated (see Note I.E.)	53,644,236	53,901,163	19,382,228	16,410,404	73,026,464	70,311,567
Net assets - ending	\$ 52,133,729	\$ 53,638,236	\$ 20,834,164	\$ 19,382,227	\$ 72,967,893	\$ 73,020,463

Management's Discussion and Analysis

City of Corinth's Changes in Net Assets

The City's governmental funds decreased fund balance by \$235,414. Net assets, as part of the government-wide reports, are reported on a full-accrual basis. The reconciliation between the overall decrease to governmental fund balances and the net (\$1,510,507) decrease to governmental net assets illustrates the differences in reporting between the modified accrual basis used in the funds and full-accrual used at the government-wide level.

The following are the most significant factors in the reconciliation:

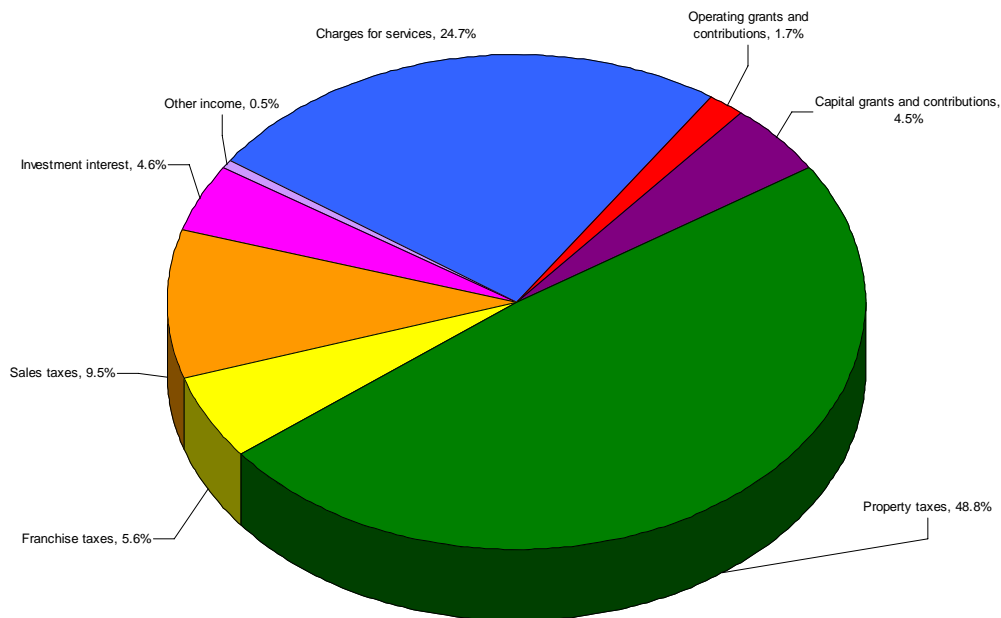
- Depreciation of capital assets is not reported in the funds.
- Donations/developer contributions do not constitute revenue in the funds, but are reported as an increase to net assets.
- Repayment of bond principal is expenditure in the funds but not an expense in the statement of activities.
- Bond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

Exhibit A-6 on page 37 provides a detailed reconciliation between the statement of activities and the statement of revenues, expenditures and changes in fund balances of governmental funds.

Revenues by Source – Governmental Activities

Property taxes, charges for services, sales taxes and franchise taxes provide 88.7 percent of the revenues for the governmental activities. The chart below (Figure 2) provides a graphic representation of the City's revenues by source.

Figure 2: Revenues by Source - Governmental Activities

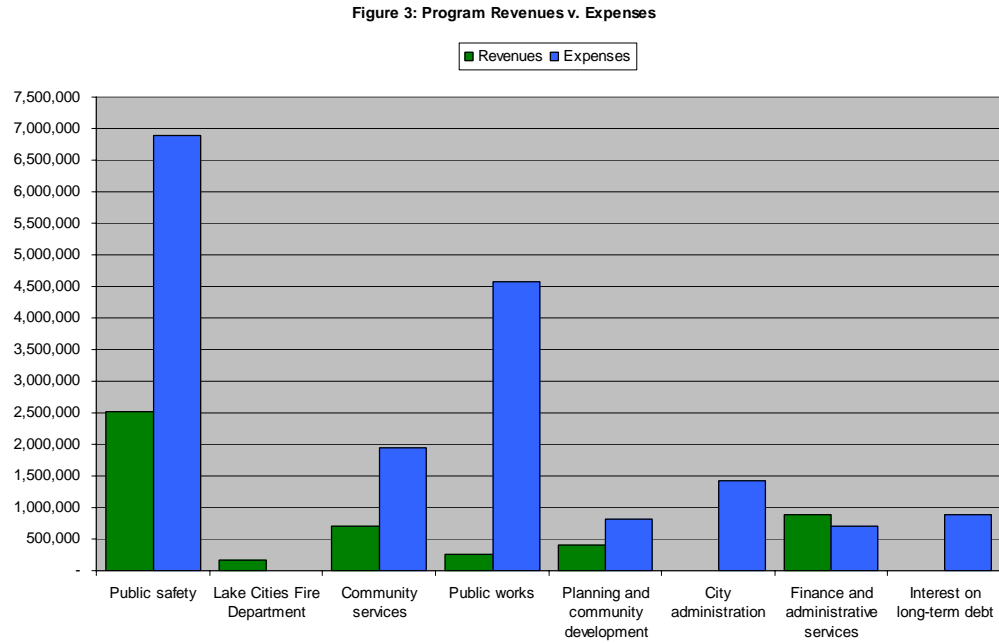


Management's Discussion and Analysis

Expenses and Program Revenues –Governmental Activities

Public safety, community services, planning and community development and public works account for 79.6 percent of the expenditures for the governmental activities. City administration, finance and administrative services and interest on long-term debt account for the remaining 20.4 percent of total expenses.

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

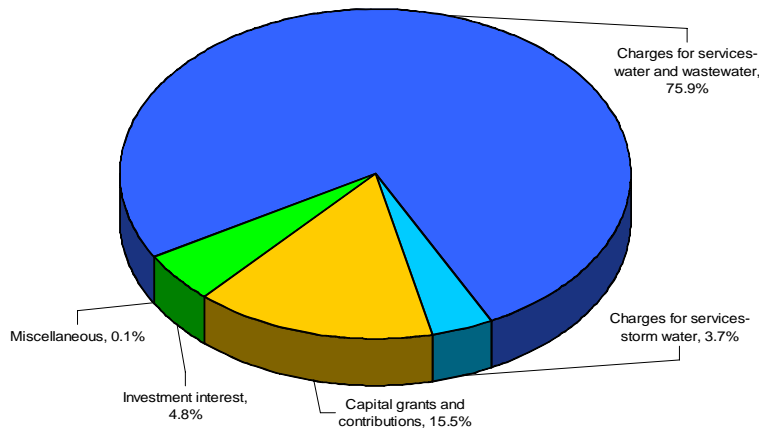


Management's Discussion and Analysis

Revenues by Source – Business-type Activities

Business-type activities increased the City's net assets by \$1,451,936. Charges for services account for 75.9 percent of the revenue. Of the \$10,664,758 in charges for service revenue, water and wastewater charges account for \$10,169,565 and storm water utility charges \$495,193. The remaining 24.1 percent of revenue is made up of capital grants and contributions including impact fees and developer contributions to infrastructure, investment interest and other miscellaneous revenue. (See Figure 4)

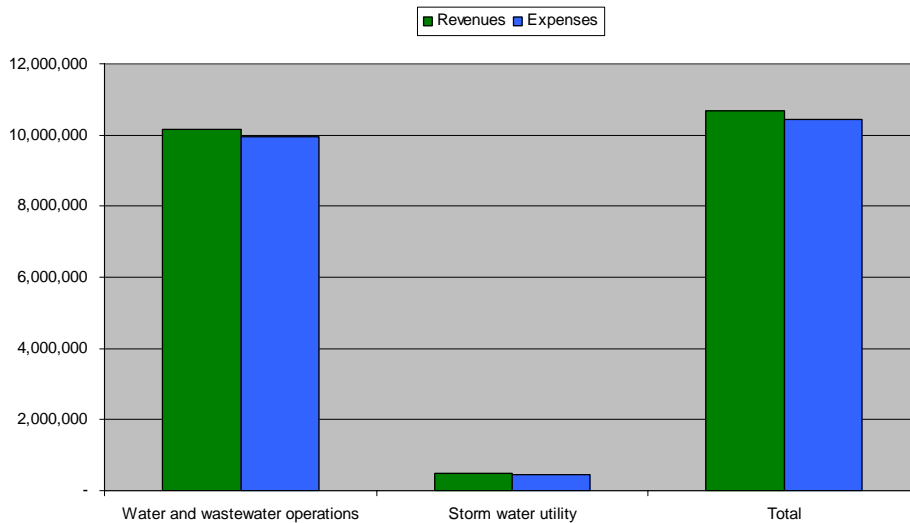
Figure 4: Revenues by Source - Business-type Activities



Expenses and Program Revenues – Business-type Activities

Total revenue from water and wastewater sales and services was \$10,169,565; associated costs of water, wastewater treatment, and operations and maintenance accounted for \$9,959,789 of the total business-type expenses of \$10,423,916. The remaining \$464,127 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$495,193 in revenue. The following chart (Figure 5) provides a graphic representation of the City's business-type expenses and any directly related revenues by source.

Figure 5: Program Revenues v. Expenses



Management's Discussion and Analysis

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,987,487 a decrease of \$235,414 due to:

- a net decrease in the general fund balance of \$1,445,275.
- a net decrease in the debt service fund of \$307,132.
- a net increase in the 2007 streets capital improvement project fund of \$2,170,722.

A net decrease of \$653,729 in other governmental funds (including the capital projects fund previously separated in the FY 2006-07 CAFR).

- a net increase in non-major special revenue funds of \$281,898.

Of the combined total governmental fund balances of \$17,987,487, \$4,559,689 (25.3 percent) reflects the general fund unreserved fund balance which is available for spending at the government's discretion. The fund balance that is designated as *reserved* is not available for new spending because it has already been committed for one of the following reasons:

- to liquidate contracts and purchase orders (encumbrances) of the prior period, \$94,143.
- to pay debt service in future periods, \$1,130,120.
- reserved for prepaid items, \$4,701.
- amount represented by inventories, \$86,401.

General Fund. The general fund is the chief operating fund of the City of Corinth. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,559,689, while total fund balance reached \$4,744,934. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures for the fiscal year. Unreserved fund balance represents 34.0 percent of total general fund expenditures, while total fund balance represents 35.4 percent of that same amount.

This year, in the general fund, revenues were less than expected by a total of \$424,238. Franchise taxes were under budget by \$66,712, due to mild temperatures and lower water usage during the spring and summer months. The City collects franchise fees from electric and gas utility sales, both of which were down for the year. Sales tax and fees & permits continue to be the greatest areas of concern with \$105,627 and \$217,355 respectively, lower than anticipated budgeted amounts being collected. The recession and slowing housing market continue to impact these areas. Fines and forfeitures were below budget by \$22,349. Interest income was also less than budgeted by \$94,795. The City budgeted for continued moderate growth in fiscal year 2008; however, the general economic slowdown is reflected in the under recovery of revenues. The City of Corinth did not increase the property tax rate for 2007-08, though 1.5 cents was shifted from the debt service component to the operations and maintenance component. The shift along with property value increased property tax collections for operations and maintenance by \$21,165, or 0.35 percent (total includes delinquent collections from prior years). While revenues were under budget; expenditures were also under budget by \$395,588. The actual result

Management's Discussion and Analysis

for the year end was a deficiency of revenues under expenditures of \$1,445,275 in the general fund. The City had budgeted the use of \$1,225,767 of fund balance for FY 2007-08.

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

- Actual revenues were less than budget by \$424,238 mostly due to the current downturn in the economy on all fronts.

The addition of the Lake Cities Fire Department in midyear also increased spending.

Debt Service Fund. As part of the budgetary process, the government enacts a dedicated property tax for debt service each fiscal year. The debt service fund has a total fund balance of \$1,130,120, all of which is reserved for the payment of debt service. The City budgeted a draw-down of excess fund balance of \$393,814, as well as, shifted 1.5 cents of the allocated property tax rate to the operations and maintenance budget; however, the actual drawdown was \$307,132 which was the result of higher debt service payments in the second year than was anticipated before the debt was issued.

2007 CIP Streets Fund. The 2007 streets capital improvement project fund is used to track revenues and expenditures related to the Series 2007 CO debt issue for streets projects. The fund balance represents unspent proceeds of that debt issue.

Other Governmental Funds. The nonmajor governmental funds are the Special Revenue fund, Public Improvement District (PID) #1 fund, Street Maintenance Sales Tax fund, Roadway Impact Fee fund, the Corinth Crime Control and Prevention District fund, the miscellaneous Special Revenue Fund and the Elm Form Trails Grant fund and the All-Department Capital Improvement Project fund. Each of these funds is used to account for revenues and expenditures related to specific purposes.

- The Street Maintenance Sales Tax fund accounts for the collection of a special sales tax of \$.0025. Sales tax collections were less than budgeted by \$27,003 and interest earnings, an unbudgeted item, were \$17,741. Expenditures were equal to the budget amount of \$415,000. The fund had anticipated a usage of fund balance of \$128,000, but due to lower than anticipated revenues the fund balance was reduced by \$137,262.
- The Roadway Impact Fee fund was created in fiscal year 2006 to account for the collection and expenditure of impact fees levied as of January, 2006. Total collections for 2008 were \$251,200 with an additional \$6,899 of interest earnings for a total fund balance of \$567,322, no expenditures have been made from this account.
- The Corinth Crime Control and Prevention District is a special sales tax of \$.0025 levied for crime control and prevention within the City. Sales tax collections were \$6,340 less than budgeted and expenditures were \$113,359 less than budgeted, which combined to reduce fund balance by \$104,181.

The Special Revenue fund saw an increase of fund balance by \$29,932.

Proprietary funds

The City of Corinth's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The City maintains two enterprise funds, the water and wastewater fund and the storm water utility fund.

Water and Wastewater Fund. Water and wastewater fund assets of \$34,807,961 exceeded liabilities of \$15,807,809, reporting net assets of \$19,000,152. Total net assets increased \$1,046,368 from fiscal year 2007 as restated, during fiscal year 2008, the following highlights the most significant factors in the increase:

Management's Discussion and Analysis

- Operating Income of \$985,668 resulted from increased savings from sewer flows being diverted from the City of Denton to the Upper Trinity Regional Water District which began in 2007 as a result of a failure of a sewer main in the City's Denton basin in February 2007 reduced water purchases. .

Net non-operating revenues and expenses were (\$184,759), which included investment interest, debt service interest and amortization of bond issue costs, as well as the sale of aging and obsolete capital assets at auction. The largest portion of the non-operating expenses was \$775,892 of interest expenses.

- Total capital contributions and transfers were \$245,459. Water and wastewater impact fees totaled \$298,078. Transfers in from the general fund and the storm water fund were \$365,260 for administrative fees for management functions associated with general fund activities; the storm water utility fund transferred \$34,028 for the same administrative support.

Unrestricted net assets for the water and wastewater fund increased from \$2,793,567, as restated, in fiscal year 2007 to \$4,607,283 for fiscal year 2008. Reduction in anticipated cost such as water purchases and wastewater treatment have increased the available balance over the last year.

Storm Water Utility Fund. Storm water utility fund assets of \$3,613,477 exceeded liabilities of \$1,779,465, leaving total net assets of \$1,834,012. Total net assets increased \$405,565, unrestricted net assets increased from \$266,751 to \$622,534.

- The storm water utility reported operating income of \$113,087 in fiscal year 2008.
- Net non-operating revenues and expenses were (\$18,301) which includes \$61,596 in interest income. Developer contributions to the storm drainage infrastructure totaled \$20,000.

General Fund Budgetary Highlights

Analysis of significant budget variances.

Fees and permits fell \$217,355 short of budget for the fiscal year. The slowdown in the economy, particularly the housing market, had a profound negative effect on the collection of fees and permits related to development and new construction. Fines and forfeitures fell short for the year by \$22,349 or 3.2 percent. A reduction in traffic fines contributed to the shortfall.

Overall, expenditures in the General Fund were less than budgeted by \$395,588 due to offsetting departmental budgeted variances and city-wide vacancy savings. With the economic slowdown, divisions were encouraged to conserve resources. Departmental decisions accounted for \$1,027,626 of budget savings; however, an additional \$988,862 was used for public safety as it related to the acquisition and operations of the Lakes Cities Fire Department See Exhibit B-1: General Fund Budgetary Comparison Schedule for detailed budget variances.

Other Budgetary Highlights

During the year the following changes to budgeted appropriations were submitted as budget amendments and approved by the City Council:

- Ordinance No 08-02-21-04 – Expenditure for hiring a temporary Information Services Technician
- Ordinance No 08-06-19-16 – Costs associated with the acquisition of the Lake Cities Fire Department - \$1,462,827
- Ordinance No 08-10-02-24 – Costs associated with the acquisition of the Lake Cities Fire Department - \$217,800
- Ordinance No 08-06-05-14 – Costs associated with the installation of security glass - \$7,950
- Ordinance No 08-04-24-13 – Fees associated with the settlement agreement approved on April 24, 2008 - \$166,00

Management's Discussion and Analysis

- Ordinance No 08-04-03-12 – Fees associated for the Council Chambers security - \$28,205
- Ordinance No 08-03-20-08 – Expenses related to the Texas Parks and Wildlife Department Trails Grant for Rehabilitation on the Elm Fork Horse and Hiking Trail

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

Capital Assets and Debt Administration

Capital assets. The City of Corinth's investment in capital assets for its governmental and business type activities as of September 30, 2008, amounts to \$74,637,839 (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, 2008.

Readers desiring more detailed information on capital asset activity should see note III.C. in the Notes to Basic Financial Statements on page 51.

Long-term debt. At the end of the current fiscal year, The City had total bonded debt outstanding of \$36,980,000 consisting of General Obligation Bonds and Certificates of Obligation. The City issued no additional debt in 2008. All debt payments were made when due. Outstanding debt decreased in fiscal year 2008 by \$1,945,000. (see Note III.E.)

TABLE IV
OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-Type Activities		TOTAL	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 11,791,500	\$ 12,599,150	\$ 2,413,500	\$ 2,615,850	\$ 14,205,000	\$ 15,215,000
Certificates of Obligation and Tax Notes	9,154,333	7,888,699	13,620,667	15,821,301	22,775,000	23,710,000
Total outstanding debt	<u>\$ 20,945,833</u>	<u>\$ 20,487,849</u>	<u>\$ 16,034,167</u>	<u>\$ 18,437,151</u>	<u>\$ 36,980,000</u>	<u>\$ 38,925,000</u>

Additional information on the City's long-term debt can be found in this report in the notes to the financial statements. (see Note III.E.)

Economic Factors and Next Year's Budgets and Rates

The City of Corinth saw a significant decrease in fees and permits for developers and new construction in fiscal year 2008. However, in spite of the slowdown in the housing market, Corinth continued to experience some growth in the property tax base. Net taxable values grew 3.3 percent.

The City's population growth has been slow but steady for the past few years; estimates increased from 18,550 in 2006 to 19,450 in 2007 and 19,650 in 2008. Denton County's unemployment rate at September 30, 2008 was 4.7 percent, up from 4.0 percent in September, 2007.

All of these factors were considered in preparing the City's budget for the 2009 fiscal year. The operating budget for the 2008 fiscal year that was developed by City management and approved by the City's elected officials focused on preparing a baseline budget maintaining the current service level. Expenditures in fiscal year 2009 are anticipated to be higher due to higher fuel and health care costs and the increase in cost of many basic materials, including concrete. The City of Corinth adopted a balanced budget for fiscal year 2009.

The 2007-08 adopted budget was also balanced, though economic factors outside the control of management created considerable negative variances from budget in anticipated revenue. Diligent cost saving measures and conservation enabled a favorable expenditure variance (actual expenditures less than budgeted) resulting in an overall positive variance at the end of the fiscal year.

Management's Discussion and Analysis

The City Council approved a tax rate of \$.57698 a 2 cent rate increase for fiscal year 2009. General operations and maintenance will receive \$.43852 of the total and the remaining \$.13846 and a budgeted use of debt service fund balance will fund long-term debt of the City.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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CITY OF CORINTH, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Cash</i>	\$ 1,526,602	\$ 857,327	\$ 2,383,929	\$ 482,222
<i>Investments</i>	16,493,687	16,185,573	32,679,260	890,160
<i>Receivables (net of allowances for uncollectibles):</i>	1,798,306	1,442,071	3,240,377	105,836
<i>Special assessments</i>	35,100	--	35,100	--
<i>Internal balances</i>	(159,993)	159,993	--	--
<i>Due from component unit</i>	22,906	--	22,906	--
<i>Inventories</i>	86,400	168,048	254,448	--
<i>Prepaid items</i>	4,701	--	4,701	--
Restricted Assets:				
<i>Cash and cash equivalents</i>	--	4,000	4,000	--
<i>Deferred charges</i>	172,797	121,459	294,256	--
Capital assets not being depreciated:				
<i>Land</i>	467,517	357,034	824,551	--
<i>Construction in progress</i>	548,594	873,441	1,422,035	--
Capital assets (net of accumulated depreciation):				
<i>Buildings</i>	5,036,088	136,781	5,172,869	--
<i>Machinery and equipment</i>	2,236,668	205,298	2,441,966	--
<i>Infrastructure</i>	47,034,387	17,742,031	64,776,418	--
Total Assets	<u>75,303,760</u>	<u>38,253,056</u>	<u>113,556,816</u>	<u>1,478,218</u>
LIABILITIES:				
<i>Accounts payable</i>	197,102	449,209	646,311	8,552
<i>Accrued liabilities</i>	298,422	87,442	385,864	2,172
<i>Accrued interest payable</i>	78,202	38,122	116,324	--
<i>Municipal court bonds</i>	58,324	--	58,324	--
<i>Customer meter deposits</i>	--	425,770	425,770	--
<i>Other liabilities</i>	710,276	15,501	725,777	--
<i>Due to primary government</i>	--	--	--	22,906
Noncurrent Liabilities:				
<i>Due within one year</i>	2,234,325	625,164	2,859,489	--
<i>Due in more than one year</i>	19,593,380	15,777,684	35,371,064	--
Total Liabilities	<u>23,170,031</u>	<u>17,418,892</u>	<u>40,588,923</u>	<u>33,630</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	43,000,166	15,604,347	58,604,513	--
Restricted For:				
Debt Service	1,153,823	--	1,153,823	--
Capital Projects	1,867,157	--	1,867,157	--
Unrestricted	6,112,583	5,229,817	11,342,400	1,444,588
Total Net Assets	<u>\$ 52,133,729</u>	<u>\$ 20,834,164</u>	<u>\$ 72,967,893</u>	<u>\$ 1,444,588</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
<i>Public safety</i>	\$ 6,891,366	\$ 2,442,177	\$ 77,668	\$ --
<i>Lake Cities Fire Department</i>	--	--	165,628	--
<i>Community services</i>	1,950,842	208,352	28,248	474,000
<i>Public works</i>	4,571,006	--	--	251,200
<i>Planning and community development</i>	810,774	416,347	--	--
<i>City Administration</i>	1,425,905	--	--	--
<i>Finance and administrative services</i>	702,155	881,951	--	--
<i>Interest on long-term debt</i>	894,159	--	--	--
Total Governmental Activities	<u>17,246,207</u>	<u>3,948,827</u>	<u>271,544</u>	<u>725,200</u>
Business-type Activities:				
Water and Wastewater	9,959,789	10,169,565	--	2,051,941
Storm Water Utility	464,127	495,193	--	20,000
Total Business-type Activities	<u>10,423,916</u>	<u>10,664,758</u>	<u>--</u>	<u>2,071,941</u>
Total Primary Government	<u>\$ 27,670,123</u>	<u>\$ 14,613,585</u>	<u>\$ 271,544</u>	<u>\$ 2,797,141</u>
COMPONENT UNIT:				
Corinth Economic Development 4(B) Sales Tax	<u>\$ 742,420</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
General Revenues:				
<i>Property taxes</i>				
<i>Sales taxes</i>				
<i>Franchise taxes</i>				
<i>Miscellaneous income</i>				
<i>Unrestricted investment earnings</i>				
Special and Extraordinary Items:				
<i>Special item outflow</i>				
<i>Transfers</i>				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning				
Prior Period Adjustment				
Net Assets - Ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,371,521)		\$ (4,371,521)	
165,628		165,628	
(1,240,242)		(1,240,242)	
(4,319,806)		(4,319,806)	
(394,427)		(394,427)	
(1,425,905)		(1,425,905)	
179,796		179,796	
(894,159)		(894,159)	
<u>(12,300,636)</u>		<u>(12,300,636)</u>	
--	\$ 2,261,717	2,261,717	
--	51,066	51,066	
--	<u>2,312,783</u>	<u>2,312,783</u>	
<u>(12,300,636)</u>	<u>2,312,783</u>	<u>(9,987,853)</u>	
			<u>\$ (742,420)</u>
7,784,085	--	7,784,085	--
1,523,963	--	1,523,963	519,976
894,191	--	894,191	--
73,884	11,212	85,096	--
740,740	643,642	1,384,382	44,589
(1,742,435)	--	(1,742,435)	--
1,515,701	(1,515,701)	--	--
<u>10,790,129</u>	<u>(860,847)</u>	<u>9,929,282</u>	<u>564,565</u>
(1,510,507)	1,451,936	(58,571)	(177,855)
53,778,430	19,392,977	73,171,407	1,622,443
(134,194)	(10,749)	(144,943)	--
<u>\$ 52,133,729</u>	<u>\$ 20,834,164</u>	<u>\$ 72,967,893</u>	<u>\$ 1,444,588</u>

CITY OF CORINTH, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	General Fund	Debt Service Fund
ASSETS	<u> </u>	<u> </u>
<i>Cash</i>	\$ 225,197	\$ 112,522
<i>Investments</i>	4,654,836	1,003,667
Receivables (net of allowances for uncollectibles):		
<i>Property taxes</i>	144,358	28,484
<i>Sales taxes</i>	203,504	--
<i>Accounts</i>	25,491	--
<i>Interest</i>	68,251	9,150
<i>Warrants</i>	902,222	--
<i>Ambulance</i>	92,207	--
<i>Miscellaneous</i>	173,497	--
<i>Special assessments</i>	--	--
<i>Due from other funds</i>	88,466	--
<i>Due from component unit</i>	22,906	--
<i>Inventories</i>	86,400	--
<i>Prepaid items</i>	4,701	--
	<u> </u>	<u> </u>
Total Assets	\$ <u>6,692,036</u>	\$ <u>1,153,823</u>
 LIABILITIES:		
<i>Accounts payable</i>	\$ 98,961	\$ --
<i>Accrued liabilities</i>	292,034	--
<i>Municipal court bonds</i>	58,324	--
<i>Due to other funds</i>	300,239	--
<i>Other liabilities</i>	696,276	--
<i>Deferred revenue</i>	501,268	23,703
	<u> </u>	<u> </u>
Total Liabilities	1,947,102	23,703
 Fund Balances:		
Reserved Fund Balances		
<i>Reserved for inventories</i>	86,401	--
<i>Reserved for prepaid items</i>	4,701	--
<i>Reserved for encumbrances</i>	94,143	--
<i>Reserved for debt service</i>	--	1,130,120
Unreserved, reported in:		
<i>General Fund</i>	4,559,689	--
<i>Special Revenue Funds</i>	--	--
<i>Capital Projects Funds</i>	--	--
Total Fund Balances	<u>4,744,934</u>	<u>1,130,120</u>
	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ <u>6,692,036</u>	\$ <u>1,153,823</u>

The accompanying notes are an integral part of this statement.

2007 CIP Streets	Other Governmental Funds	Total Governmental Funds
\$ 48,870	\$ 1,126,012	\$ 1,512,601
8,776,963	2,058,221	16,493,687
--	--	172,842
--	90,104	293,608
--	19,402	44,893
27,264	14,372	119,037
--	--	902,222
--	--	92,207
--	--	173,497
--	35,101	35,101
--	345,468	433,934
--	--	22,906
--	--	86,400
--	--	4,701
<u>\$ 8,853,097</u>	<u>\$ 3,688,680</u>	<u>\$ 20,387,636</u>
\$ 43,240	\$ 54,901	\$ 197,102
--	6,387	298,421
--	--	58,324
--	293,688	593,927
--	--	696,276
--	31,128	556,099
<u>43,240</u>	<u>386,104</u>	<u>2,400,149</u>
--	--	86,401
--	--	4,701
--	--	94,143
--	--	1,130,120
--	--	4,559,689
--	1,472,819	1,472,819
8,809,857	1,829,757	10,639,614
<u>8,809,857</u>	<u>3,302,576</u>	<u>17,987,487</u>
<u>\$ 8,853,097</u>	<u>\$ 3,688,680</u>	<u>\$ 20,387,636</u>

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CITY OF CORINTH, TEXAS

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008*

Total fund balances - governmental funds balance sheet	\$ 17,987,487
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	55,323,254
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	95,619
Payables for bond principal which are not due in the current period are not reported in the funds.	(21,170,866)
Payables for capital leases which are not due in the current period are not reported in the funds.	(45,667)
Payables for bond interest which are not due in the current period are not reported in the funds.	(78,202)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(726,195)
Deferred losses on refundings are not due and payable in the current period are not reported in the funds.	115,023
Bond issue costs are not available to pay for current-period expenditures and are deferred in the funds.	172,797
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	337,146
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	92,207
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	31,126
Net assets of governmental activities - statement of net assets	<u>\$ 52,133,729</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General Fund	Debt Service Fund
	<u> </u>	<u> </u>
Revenue:		
Taxes:		
<i>Property</i>	\$ 6,000,535	\$ 1,829,018
<i>Franchise</i>	894,191	--
<i>Sales</i>	1,046,958	--
<i>Fees and permits</i>	400,375	--
<i>Fines and forfeitures</i>	670,529	--
<i>Charges for services</i>	2,639,945	--
<i>Interest income</i>	335,205	10,512
<i>Park donations</i>	--	--
<i>Roadway impact fees</i>	--	--
<i>Intergovernmental</i>	234,353	--
<i>Miscellaneous income</i>	98,291	--
Total revenues	<u>12,320,382</u>	<u>1,839,530</u>
Expenditures:		
Current:		
<i>Public safety</i>	7,712,465	--
<i>Community services</i>	1,888,806	--
<i>Public works</i>	1,049,051	--
<i>Planning and community development</i>	822,157	--
<i>City Administration</i>	1,237,314	--
<i>Finance and administrative services</i>	705,898	--
<i>Capital Outlay</i>	--	--
Debt Service:		
<i>Principal</i>	--	1,257,650
<i>Interest</i>	--	883,984
<i>Paying agent fees</i>	--	4,300
<i>Bond issuance costs</i>	--	728
Total Expenditures	<u>13,415,691</u>	<u>2,146,662</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,095,309)</u>	<u>(307,132)</u>
Other Financing Sources (Uses):		
<i>Transfers in</i>	107,346	--
<i>Transfers out</i>	(457,312)	--
Total Other Financing Sources (Uses)	<u>(349,966)</u>	<u>--</u>
Net Change in Fund Balances	(1,445,275)	(307,132)
Fund Balances - Beginning	6,349,788	1,437,252
Prior Period Adjustment	<u>(159,579)</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 4,744,934</u>	<u>\$ 1,130,120</u>

The accompanying notes are an integral part of this statement.

2007 CIP Streets	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 7,829,553
--	--	894,191
--	477,005	1,523,963
--	--	400,375
--	--	670,529
--	--	2,639,945
241,709	153,315	740,741
--	504,770	504,770
--	251,200	251,200
--	22,016	256,369
--	10,741	109,032
<u>241,709</u>	<u>1,419,047</u>	<u>15,820,668</u>
--	408,365	8,120,830
--	--	1,888,806
--	415,000	1,464,051
--	--	822,157
--	--	1,237,314
--	--	705,898
30,746	1,154,555	1,185,301
--	--	1,257,650
--	--	883,984
689	75	5,064
--	--	728
<u>31,435</u>	<u>1,977,995</u>	<u>17,571,783</u>
<u>210,274</u>	<u>(558,948)</u>	<u>(1,751,115)</u>
1,960,448	1,185,686	3,253,480
--	(1,280,467)	(1,737,779)
<u>1,960,448</u>	<u>(94,781)</u>	<u>1,515,701</u>
2,170,722	(653,729)	(235,414)
6,526,119	3,958,820	18,271,979
113,016	(2,515)	(49,078)
<u>\$ 8,809,857</u>	<u>\$ 3,302,576</u>	<u>\$ 17,987,487</u>

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CITY OF CORINTH, TEXAS

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008*

Net change in fund balances - total governmental funds	\$ (235,414)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	3,220,696
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,814,757)
The gain or loss on the sale of capital assets is not reported in the funds.	(5,357)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(45,467)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,257,650
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	21,431
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(12,892)
(Increase) decrease in accrued interest from beginning of period to end of period.	4,921
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(346,113)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	108,686
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	92,207
Certain assessment revenues are deferred in the funds. This is the change in these amounts this year.	(5,383)
Transfer of long term debt from proprietary funds is not reported in the funds.	<u>(1,750,715)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (1,510,507)</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS

STATEMENT OF NET ASSETS

ENTERPRISE FUNDS

SEPTEMBER 30, 2008

	Enterprise Fund	Enterprise Fund	Total Enterprise Funds
	Water and Wastewater	Storm Water Utility	
ASSETS:			
Current Assets:			
<i>Cash</i>	\$ 638,023	\$ 219,304	\$ 857,327
<i>Investments</i>	14,405,474	1,780,099	16,185,573
Receivables (net of allowances for uncollectibles):			
<i>Accounts</i>	1,284,858	21,392	1,306,250
<i>Interest</i>	126,692	6,474	133,166
<i>Miscellaneous</i>	2,655	--	2,655
<i>Due from other funds</i>	96,264	232,111	328,375
<i>Inventories</i>	166,968	1,080	168,048
Restricted Assets:			
<i>Cash and cash equivalents</i>	4,000	--	4,000
Total Current Assets	<u>16,724,934</u>	<u>2,260,460</u>	<u>18,985,394</u>
Noncurrent Assets:			
<i>Deferred charges</i>	110,288	11,171	121,459
Capital Assets:			
<i>Land</i>	357,034	--	357,034
<i>Construction in Progress</i>	624,805	248,636	873,441
<i>Buildings</i>	229,633	--	229,633
<i>Machinery and Equipment</i>	813,389	254,236	1,067,625
<i>Infrastructure</i>	21,955,994	1,053,301	23,009,295
<i>Less Accumulated Depreciation</i>	(6,008,116)	(214,327)	(6,222,443)
Total Capital Assets (net of accumulated depreciation)	<u>17,972,739</u>	<u>1,341,846</u>	<u>19,314,585</u>
Total Noncurrent Assets	<u>18,083,027</u>	<u>1,353,017</u>	<u>19,436,044</u>
Total Assets	<u>34,807,961</u>	<u>3,613,477</u>	<u>38,421,438</u>
LIABILITIES:			
Current Liabilities:			
<i>Accounts payable</i>	387,451	61,758	449,209
<i>Accrued liabilities</i>	81,590	5,852	87,442
<i>Accrued interest payable</i>	34,117	4,005	38,122
<i>Due to other funds</i>	168,382	--	168,382
<i>Customer meter deposits</i>	425,770	--	425,770
<i>Other current liabilities</i>	15,501	--	15,501
<i>Current portion of certificates of obligation</i>	--	57,002	57,002
<i>Current portion of capital lease obligations</i>	--	22,352	22,352
<i>Current portion of general obligation bonds</i>	475,317	--	475,317
Total Current Liabilities	<u>1,588,128</u>	<u>150,969</u>	<u>1,739,097</u>
Noncurrent Liabilities:			
<i>Compensated absences</i>	64,280	1,152	65,432
<i>Certificates of obligation</i>	11,757,000	1,604,030	13,361,030
<i>Capital lease obligations</i>	--	23,314	23,314
<i>General obligation bonds</i>	2,398,401	--	2,398,401
Total Noncurrent Liabilities	<u>14,219,681</u>	<u>1,628,496</u>	<u>15,848,177</u>
Total Liabilities	<u>15,807,809</u>	<u>1,779,465</u>	<u>17,587,274</u>
NET ASSETS:			
<i>Investment in capital assets, net of related debt</i>	14,392,869	1,211,478	15,604,347
<i>Unrestricted Net Assets</i>	4,607,283	622,534	5,229,817
Total Net Assets	<u>\$ 19,000,152</u>	<u>\$ 1,834,012</u>	<u>\$ 20,834,164</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Fund	Enterprise Fund	Total Enterprise Funds
	Water and Wastewater	Storm Water Utility	
OPERATING REVENUES:			
<i>Water sales</i>	\$ 5,220,702	\$ --	\$ 5,220,702
<i>Sewer disposal</i>	3,779,869	--	3,779,869
<i>Storm drainage fees</i>	--	495,193	495,193
<i>Garbage</i>	852,780	--	852,780
<i>Penalties and reconnect fees</i>	174,614	--	174,614
<i>Tap and service fees</i>	111,461	--	111,461
<i>Inspections</i>	30,139	--	30,139
Total Operating Revenues	10,169,565	495,193	10,664,758
OPERATING EXPENSES:			
<i>Amortization</i>	6,956	621	7,577
<i>General government (administrative)</i>	684,269	--	684,269
<i>Infrastructure maintenance</i>	733,389	375	733,764
<i>Water purchases</i>	2,973,076	--	2,973,076
<i>Sewer treatment fees</i>	1,083,635	--	1,083,635
<i>Garbage contract fees</i>	824,263	--	824,263
<i>Salaries and benefits</i>	1,281,006	119,404	1,400,410
<i>Maintenance and supplies</i>	253,198	83,745	336,943
<i>Administration</i>	558,645	73,573	632,218
<i>Depreciation</i>	785,460	72,197	857,657
<i>Other</i>	--	32,191	32,191
Total Operating Expenses	9,183,897	382,106	9,566,003
Operating Income	985,668	113,087	1,098,755
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest income</i>	582,046	61,596	643,642
<i>Miscellaneous income</i>	9,087	2,125	11,212
<i>Interest expense</i>	(775,892)	(82,022)	(857,914)
Total Non-operating Revenues (Expenses)	(184,759)	(18,301)	(203,060)
Income Before Contributions and Transfers	800,909	94,786	895,695
Contributions and Transfers			
<i>Special assessment - water and sewer impact fees</i>	298,078	--	298,078
<i>Contributions</i>	1,753,864	20,000	1,773,864
<i>Transfers in</i>	365,260	324,810	690,070
<i>Transfers out</i>	(2,171,743)	(34,028)	(2,205,771)
Total Contributions and Transfers	245,459	310,782	556,241
Change in Net Assets	1,046,368	405,568	1,451,936
Total Net Assets - Beginning	17,964,533	1,428,444	19,392,977
Prior Period Adjustment	(10,749)	--	(10,749)
Total Net Assets - Ending	\$ 19,000,152	\$ 1,834,012	\$ 20,834,164

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Storm Water Utility	Totals
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ 10,149,529	\$ 510,271	\$ 10,659,800
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(7,343,515)	(176,762)	(7,520,277)
<i>Cash Payments to Employees for Services</i>	(1,307,909)	(118,411)	(1,426,320)
Net Cash Provided (Used) by Operating Activities	<u>1,498,105</u>	<u>215,098</u>	<u>1,713,203</u>
Cash Flows from Non-capital Financing Activities:			
<i>Transfers From (To) Other Funds</i>	(2,180,618)	121,879	(2,058,739)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(2,180,618)</u>	<u>121,879</u>	<u>(2,058,739)</u>
Cash Flows from Capital and Related Financing Activities:			
<i>Principal and Interest Paid</i>	(1,457,778)	(143,412)	(1,601,190)
<i>Acquisition or Construction of Capital Assets</i>	(286,421)	(235,644)	(522,065)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,744,199)</u>	<u>(379,056)</u>	<u>(2,123,255)</u>
Cash Flows from Investing Activities:			
<i>Sell Investments</i>	110,178	325,000	435,178
<i>Interest and Dividends on Investments</i>	478,394	61,596	539,990
Net Cash Provided (Used) for Investing Activities	<u>588,572</u>	<u>386,596</u>	<u>975,168</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,838,140)	344,517	(1,493,623)
Cash and Cash Equivalents at Beginning of Year	16,197,845	1,654,886	17,852,731
Cash and Cash Equivalents at End of Year	<u>\$ 14,359,705</u>	<u>\$ 1,999,403</u>	<u>\$ 16,359,108</u>
Summary of Cash and Cash Equivalents			
Cash	\$ 642,023	\$ 219,304	\$ 861,327
Investments	13,717,682	1,780,099	15,497,781
	<u>\$ 14,359,705</u>	<u>\$ 1,999,403</u>	<u>\$ 16,359,108</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating Income (Loss)	\$ 985,668	\$ 113,087	\$ 1,098,755
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
<i>Depreciation and amortization</i>	785,460	72,197	857,657
<i>Miscellaneous Income</i>	9,087	2,125	11,212
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	(58,341)	12,958	(45,383)
<i>Decrease (Increase) in Inventories</i>	(56,679)	(1,080)	(57,759)
<i>Increase (Decrease) in Accounts Payable</i>	(243,379)	14,837	(228,542)
<i>Increase (Decrease) in Accrued Expenses</i>	42,047	1,853	43,900
<i>Increase (Decrease) in Accrued Wages Payable</i>	5,027	(879)	4,148
<i>Increase (Decrease) in Customer Deposits</i>	29,215	--	29,215
Total Adjustments	<u>512,437</u>	<u>102,011</u>	<u>614,448</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,498,105</u>	<u>\$ 215,098</u>	<u>\$ 1,713,203</u>
Noncash Investing, Capital, and Financing Activities:			
<i>Developer contributions of infrastructure</i>	\$ 298,078	\$ 20,000	\$ 318,078
<i>Reallocation of long-term debt to governmental activities</i>	1,753,864	--	1,753,864
<i>Developer contributions of infrastructure</i>	<u>\$ 2,051,942</u>	<u>\$ 20,000</u>	<u>\$ 2,071,942</u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2008

	Agency Funds
ASSETS:	
<i>Cash</i>	\$ <u>48,927</u>
Total Assets	\$ <u><u>48,927</u></u>
LIABILITIES:	
<i>Accrued liabilities</i>	\$ 34,927
<i>Other liabilities</i>	<u>14,000</u>
Total Liabilities	\$ <u><u>48,927</u></u>

The accompanying notes are an integral part of this statement.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Blended component unit. The City of Corinth's "*Corinth Crime Control and Prevention District*" (CCD), a special purpose district, was organized under Chapter 363, Texas Local Government Code. A special election was held on September 11, 2004 for the creation of the CCD and to levy a one-quarter ($\frac{1}{4}$) of one percent sales and use tax for the support of crime reduction programs authorized by the City.

The CCD is governed by a board of directors the members of which are appointed and serve at the discretion of the City Council. Because the CCD board is made up of the City Council, the CCD meets the standard that the board is *substantially the same* as the City Council; therefore the CCD must be reported as a blended component unit. The CCD is reported as a special revenue fund and its accounts are maintained on the modified accrual basis of accounting.

Discretely presented component unit. The City of Corinth's "*Corinth Economic Development Corporation*" (CEDC), a non-profit corporation, was organized under the Development Corporation Act of 1979, Article 5190.6 V.A.T.C.S. Section 4B for the purpose of promoting economic development. State statutes define projects that the corporation may fund. Some examples of permitted projects are in Note IV.E. Other Information- Component Unit Information.

The CEDC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. The CEDC is reported as a governmental entity and its accounts are maintained on the modified accrual basis of accounting.

The CEDC and the CCD do not issue separate financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes or other items not properly included among program revenues are reported as general revenues.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales tax, municipal court fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. The City reports the following major governmental funds:

General Fund - The General Fund is used to account for the resources used to finance the fundamental operations of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

2007 CIP Streets Fund – The 2007 Streets Capital Improvement Project Fund is used to account for the projects and funding associated with the Series 2007 Certificates of Obligation debt issue the portion of which is dedicated to streets, infrastructure construction and improvements.

The City reports the following major proprietary funds:

Water and Wastewater Fund — The Water and Wastewater Fund provides water and wastewater services to the residents and businesses of Corinth. The activities supporting the delivery of services are accounted for in this fund, including operations and maintenance, administration, billing, financing and debt service. The Water and Wastewater Fund is financed and operated in a manner similar to private business enterprises, where the determination of net income is necessary or useful to sound financial administration.

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

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

Additionally, the City reports the following fund types:

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

- The Street Maintenance Sales Tax fund accounts for the receipt of a \$.0025 special purpose sales tax and related expenditures.
- The Roadway Impact Fees fund is used to account for the receipt and expenditure of roadway impact fees as required by the state of Texas Local Government Code Section 395.
- The Crime Control and Prevention District fund is the *blended component unit* described previously. All revenues and expenditures related to the \$.0025 sales tax are recorded in this fund.
- The Special Revenue fund accounts for revenues that are used to account for acquisition purpose, i.e., park donations, Keep Corinth Beautiful donations and other designated revenues and related expenditures.
- The Elm Fork Trails Grant Fund was established to account for the receipt and use of funds from the Texas Parks & Wildlife Department grant for the Corinth Elm Fork Trail.

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

- The Capital Projects fund is used to account for funds and expenditures for all capital projects not specifically identified and not in the proprietary or trust funds.
- The Vehicle Replacement Fund is used to account for funds and expenditures related to future vehicle replacements.
- The Parks CIP 2008 Fund was established to account for funding and expenses related to the construction of a new recreation facility.
- The 2004 Tax Note was established to account for remaining bond funds from the 2004 issuance.
- The 2001 GO Streets Fund is used to account for street improvements.
- The 2009 Streets CIP Fund accounts for a reimbursement resolution related to the acquisition of land in 2008 which will be reimbursed by a debt issue planned for fiscal year 2009.
- The All Department CIP 2007 was established to account for funds and expenditures for all capital projects related to streets and technology from the 2007 bond sale.

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

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

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule include charges between the government's water and wastewater function and various amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

Cash and Investments

For purposes of the statement of cash flows, cash includes amounts in demand deposits, restricted cash and short-term investments with maturity dates within three months of the date acquired by the City. All City funds participate in a pooling of cash to maximize interest earnings.

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Balances between the City and its discrete component unit are referred to as "due from discrete component unit" and "due to primary government." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts for utility billing is estimated on a percentage of aged accounts receivable.

Ad valorem (property) taxes are levied based on the January 1 property values as assessed by the Denton Central Appraisal District. Property taxes are recognized as revenue when they become available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Current taxes are levied on October 1, and become delinquent if unpaid on February 1.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

Inventories and prepaid items

All inventories are valued at cost using the first-in first-out (FIFO) method. Inventories consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

Certain proceeds of the City's general obligation (GO), certificates of obligation (CO) and revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the City, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. Eligible employees are reimbursed upon separation from service for accumulated vacation, accumulated sick pay and only non-exempt employees are reimbursed for compensatory time. The liabilities for these amounts are accrued as they are incurred in the government-wide and proprietary fund financial statements.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

Annual budgets for the following funds are adopted on a basis consistent with generally accepted accounting principles (GAAP): the General fund, the Debt Service fund, the Street Maintenance Sales Tax fund and the Corinth Crime Control and Prevention District fund. The budgets for the Water and Wastewater fund and the Storm Water Utility fund are adopted on a budgetary basis different from GAAP, debt service principal payments and fixed asset purchases are budgeted as expenses and depreciation expense is not budgeted. The Special Revenue fund and the Capital Projects fund are not included in the annual budget process; special revenue and capital projects are addressed on an individual basis by management and the Council. All annual appropriations lapse at fiscal year-end unless encumbered.

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

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

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

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

Deposits - At September 30, 2008, the City's carrying amount of demand deposits was \$2,919,080, including \$4,000 restricted, while the bank balance was \$2,987,508. The City's depository had pledged securities with a fair value of \$3,420,422.

Investments - State statutes authorize the City to invest in obligations of the U. S. Treasury, agencies and instrumentalities, in obligations of the State of Texas and other political subdivisions of any state rated "A" or above by Standard & Poor's or Moody's Investors Service, and repurchase agreements. Investments maturing within one year of date of purchase are stated at cost or amortized cost; all other investments are stated at fair value which is based on quoted market prices. The City did not engage in repurchase nor reverse repurchase agreement transactions during the year. At year end, the City's investments were as follows:

City of Corinth Investments

	<u>Carrying Amount</u>	<u>9/30/2008 Reported amount, fair value</u>	<u>WAM</u>	<u>Rating (S&P)</u>
TexStar	\$ 10,181,710	\$ 10,181,710	<60 days	AAA
TexPool	2,239,939	2,239,939	<60 days	AAA
US Federal Agency Securities	20,257,611	20,216,468		
	<u>32,679,260</u>	<u>32,638,117</u>		

Corinth Economic Development Corp. 4(B)

TexPool	588,578	588,578	<60 days	AAA
US Federal Agency Securities	301,582	301,140		AAA
	<u>890,160</u>	<u>889,718</u>		
Total	<u>\$ 33,569,420</u>	<u>\$ 33,527,835</u>		

Interest rate risk. In accordance with its investment policy, the City manages its exposure to decline in fair value of securities by limiting the City to securities with maturities not to exceed 36 months from date of purchase. The City also manages the weighted average days to maturity for the operating funds portfolio to less than 270 days, the reserve funds to less than 365 days and the special project and capital project to less than 270 days.

The CEDC component unit limits weighted average days to maturity for the operating funds portfolio to less than 270 days, the reserve and bond funds to less than 365 days.

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

The City's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the states with a rating of not less than AA, fully insured certificates of deposit. The City's investments in the bonds of the US agencies was rated AAA by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service.

The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Inter-local Cooperation Act of the State of Texas. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor's and Aaa by Moody's. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poor's, as well as the Office of the State Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities to invest their public funds through the investment pools. TexSTAR is administered by JP Morgan Chase and First Southwest Asset Management, Inc., and is rated AAAM by Standard and Poor's.

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. The City of Corinth and the Corinth Economic Development Corporation have investment policies that specify collateralization agreements with the depository bank to protect the government from this risk. The contract with the City's depository bank states the following:

"The Depository shall pledge to the City and deposit in safekeeping and trust with another bank acceptable to the City approved security as defined or referred to in Tex. Loc. Gov't Code §105.031, *et seq.* and the Collateral for Public Funds Act, Chapter Act, Chapter 2257 of the Texas Government Code, in an amount of market value sufficiently adequate to protect all funds of the City on deposit with Depository during the term of this Contract, but not less than that required by Tex. Loc. Gov't Code Ch. 105, Tex Gov't Code §2257.022, the City's Investment Policy, and all other applicable laws. All deposits, including accrued interest, are to be fully collateralized in accordance with the above terms. Pledged securities will be held by a custodian approved by the City and meeting the requirements of Section 2257.041 of the Collateral for Public Funds Act."

Custodial credit risk – investments. For an investment, this is the risk that in the event of the failure of the counterparty the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states that investments of City funds shall be secured by pledged collateral with a market value equal to or exceeding 102% of the principal plus accrued interest of deposits at financial institutions.

B. Receivables, Interfund Receivables and Transfers

Receivables as of the year ended September 30, 2008 for the government's individual major funds and non-major internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

Receivables	Debt Service			2007 CIP Streets	Nonmajor Governmental Funds	Water & Wastewater Fund	Storm Drainage Utility	Total
	General Fund	Fund						
Taxes	\$ 347,863	\$ 28,484	\$ -	\$ 90,104	\$ -	\$ -	\$ -	\$ 466,451
Accounts	26,757	-	-	19,402	1,421,535	60,436	-	1,528,130
Interest	68,251	9,150	27,264	14,372	126,692	6,474	-	252,203
Warrants	1,614,503	-	-	-	-	-	-	1,614,503
Other	1,245,822	-	-	-	2,655	-	-	1,248,477
Due from other governments	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	35,101	-	-	-	35,101
Gross Receivables	3,303,196	37,634	27,264	158,979	1,550,882	66,910	-	5,144,865
LESS: Allowance for uncollectibles	(1,693,666)	-	-	-	(136,677)	(39,044)	-	(1,869,387)
Net total receivables	\$ 1,609,530	\$ 37,634	\$ 27,264	\$ 158,979	\$ 1,414,205	\$ 27,866	\$ -	\$ 3,275,478

The composition of interfund balances as of September 30, 2008, is as follows:

	Due from other funds	Due to other funds
General Fund	\$ 88,466	\$ 300,239
Nonmajor governmental funds	345,468	293,688
Water and Wastewater Fund	96,264	168,382
Storm Water Utility Fund	232,111	-
	<u>\$ 762,309</u>	<u>\$ 762,309</u>

	Due from component unit	Due to primary government
General Fund	\$ 22,906	\$ -
Discrete Component Unit	-	22,906
	<u>\$ 22,906</u>	<u>\$ 22,906</u>

The interfund balances represent unsettled overdrafts of pooled cash which will be removed by rebalancing the funds' share of pooled cash and investments. The investments and pooled cash in the bank are reallocated on a monthly basis according to interfund balances and due-to pooled cash balances.

	Transfers to other funds	Transfers from other funds
General Fund	\$ 457,312	\$ 107,346
2007 CIP Streets	-	1,960,448
Nonmajor governmental funds	1,280,467	1,185,686
Water and Wastewater Fund	2,171,743	365,260
Storm Water Utility Fund	34,028	324,810
	<u>\$ 3,943,550</u>	<u>\$ 3,943,550</u>

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

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

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

C. Capital assets

Capital asset additions, disposals, and depreciation for governmental activities and business-type activities for the year ended September 30, 2008 was as follows:

Governmental activities:					
	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 234,267	\$ 233,250	\$ -	\$ -	\$ 467,517
Construction in progress	384,888	169,134	-	(5,428)	548,594
Totals, capital assets not being depreciated	<u>619,155</u>	<u>402,384</u>	<u>-</u>	<u>(5,428)</u>	<u>1,016,111</u>
Capital assets, being depreciated:					
Buildings	5,191,887	798,072	-	-	5,989,959
Machinery and equipment	2,942,869	1,480,072	(50,175)	-	4,372,766
Infrastructure	79,950,737	540,168	-	5,428	80,496,333
Totals, capital assets being depreciated	<u>88,085,493</u>	<u>2,818,312</u>	<u>(50,175)</u>	<u>5,428</u>	<u>90,859,058</u>
Less: accumulated depreciation for:					
Buildings	(786,844)	(167,027)	-	-	(953,871)
Machinery and equipment	(1,827,748)	(353,168)	44,818	-	(2,136,098)
Infrastructure	(30,167,384)	(3,294,562)	-	-	(33,461,946)
Total accumulated depreciation	<u>(32,781,976)</u>	<u>(3,814,757)</u>	<u>44,818</u>	<u>-</u>	<u>(36,551,915)</u>
Total capital assets, being depreciated, net	<u>55,303,517</u>	<u>(996,445)</u>	<u>(5,357)</u>	<u>5,428</u>	<u>54,307,143</u>
City capital assets, net	<u>\$ 55,922,672</u>	<u>\$ (594,061)</u>	<u>\$ (5,357)</u>	<u>\$ -</u>	<u>\$ 55,323,254</u>

Business-type activities:					
	Beginning Balance	Increases	Decreases	Transfers and Adjustments	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 300,273	\$ 56,761	\$ -	\$ -	\$ 357,034
Construction in progress	805,804	559,158	-	(491,521)	873,441
Totals, capital assets not being depreciated	<u>1,106,077</u>	<u>615,919</u>	<u>-</u>	<u>(491,521)</u>	<u>1,230,475</u>
Capital assets, being depreciated:					
Buildings	229,633	-	-	-	229,633
Machinery and equipment	1,103,866	-	(36,240)	-	1,067,626
Infrastructure	22,270,705	247,067	-	491,521	23,009,293
Totals, capital assets being depreciated	<u>23,604,204</u>	<u>247,067</u>	<u>(36,240)</u>	<u>491,521</u>	<u>24,306,552</u>
Less: accumulated depreciation for:					
Buildings	(85,501)	(7,351)	-	-	(92,852)
Machinery and equipment	(843,866)	(54,702)	36,240	-	(862,328)
Infrastructure	(4,471,658)	(795,604)	-	-	(5,267,262)
Total accumulated depreciation	<u>(5,401,025)</u>	<u>(857,657)</u>	<u>36,240</u>	<u>-</u>	<u>(6,222,442)</u>
Total capital assets, being depreciated, net	<u>18,203,179</u>	<u>(610,590)</u>	<u>-</u>	<u>491,521</u>	<u>18,084,110</u>
City capital assets, net	<u>\$ 19,309,256</u>	<u>\$ 5,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,314,585</u>

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/ programs of the primary government as follows:

Governmental activities:

Public safety	\$ 145,462
Community services	129,445
Planning & community development	965
Public works	3,342,915
Finance and administrative services	58,225
City administration	137,745
Total depreciation expense - governmental activities	<u>\$ 3,814,757</u>

Business-type activities:

Water	\$ 459,581
Wastewater	325,879
Storm water utility	72,197
Total depreciation expense - business-type activities	<u>\$ 857,657</u>

D. Non-capital leases

The City entered into a 60-month lease with Xerox for copy machines on May 26, 2006. The lease will account for on-going operating expenditures of \$13,778 in the general fund and \$12,931 in the water and wastewater fund annually through 2011.

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

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
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E. Construction Commitments

Project Name	Project Total	Total Expenditures 9/30/08	Remaining Balance
24" WL Lake Sharon	\$ 3,018,427	\$ 122,403	\$ 2,896,024
Church Street (Post Oak Dr to IH-35)	3,024,369	341,023	2,683,346
15" SS Lynchburg	1,977,399	197,205	1,780,194
Westside LS Expansion (Post Oak Trail)	2,711,822	416,913	2,294,909
Lake Sharon (Blue Holly to IH-35)	6,582,257	312,205	6,270,052
12" WL IH-35 south (Burl St to Windridge)	41,861	42,108	(247)
8" SS Nissan Tristee	745,033	745,033	-
City Hall Security	30,000	30,000	-
Planning & Permitting Module & Mapping Module	140,000	46,728	93,272
Gigabeam/Fiber - Police & Public Works	102,000	102,000	-
- Fire Department	228,000	227,539	461
Replace Failing Technology Infrastructure	191,921	33,221	158,700
Fire Suppression	75,000	442	74,558
Phone System Upgrade	133,000	75,103	57,897
Capital Improvement Project Tracking	45,883	44,596	1,287
IH-35 to Quail Run - 20" WL/1MG Tank (Design)	350,000	-	350,000
SE Denton Basin LS/SS Improvements (Design)	200,000	-	200,000
Parkridge (FM 2181 to Meadowview) (Design)	541,285	2,946	538,339
S. Corinth St. (Lake Sharon to IH-35)	2,400,000	12,963	2,387,037
IH-35 Upstream Improvement (ROW)	95,000	-	95,000
Pinnell Point Drainage Improvements	270,787	192,137	78,650
Grand Total	\$22,904,044	2,944,565	19,959,479

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
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F. Long-term debt

Long-term debt of the City governmental activities consists of four general obligation, two certificate of obligation bond series, two refunding bond series, a shared capital lease obligation and accrued compensated absences. General obligation bond and certificates of obligation retirement is provided from ad valorem tax. The 1995 certificates of obligation related to the PID #1 will be retired through the special assessment. Interest rates on general long-term debt range from 3.50% to 7.75%.

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

The following is a summary of long-term debt as of September 30, 2008:

	<i>Beginning</i> <i>Balance</i>	<i>Increases</i>	<i>Transfers</i>	<i>Decreases</i>	<i>Ending</i> <i>Balance</i>	<i>Due within</i> <i>one year</i>
Governmental activities:						
General obligation bonds	\$ 12,599,150	\$ -	\$ -	\$ (807,650)	\$ 11,791,500	\$ 813,350
Certificates of obligation and tax notes	7,888,699	-	1,715,634	(450,000)	9,154,333	681,333
Capital lease obligations	67,098	-	-	(21,431)	45,667	22,352
Bond premium/discounts	200,224	-	38,842	(14,032)	225,034	14,032
Deferred amount from refunding	(137,962)	-	-	22,938	(115,024)	(22,937)
Compensated absences	380,083	346,112	-	-	726,195	726,195
Total governmental activities:	<u>\$ 20,997,292</u>	<u>\$ 346,112</u>	<u>\$ 1,754,476</u>	<u>\$ (1,270,175)</u>	<u>\$ 21,827,705</u>	<u>\$ 2,234,325</u>
Business-type activities:						
General obligation bonds	\$ 2,615,850	\$ -	\$ -	\$ (202,350)	\$ 2,413,500	\$ 236,650
Certificates of obligation and tax notes	15,821,301	-	(1,715,634)	(485,000)	13,620,667	293,667
Capital lease obligations	67,098	-	-	(21,431)	45,667	22,352
Bond premium/discounts	370,488	-	(38,842)	(17,724)	313,922	17,724
Deferred amount from refunding	(67,001)	-	-	10,661	(56,340)	(10,661)
Compensated absences	61,285	5,027	-	(880)	65,432	65,432
Total business-type activities:	<u>\$ 18,869,021</u>	<u>\$ 5,027</u>	<u>\$ (1,754,476)</u>	<u>\$ (716,724)</u>	<u>\$ 16,402,848</u>	<u>\$ 625,164</u>

Transfers represent debt transferred from business-type activities to governmental. See Note III B for further explanation of special item outflow.

Compensated absences are paid from the fund out of which an employee is regularly paid. Compensated absences in governmental activities are paid from the governmental funds; compensated absences in business-type activities are paid from the enterprise funds.

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
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Long-term debt of the City is comprised of the following individual issues:

	Governmental Activities	Business-type Activities
	<u>Amount Outstanding</u>	<u>Amount Outstanding</u>
General Obligation Bonds:		
\$8,245,000, General Obligation Refunding and Improvement Bonds, Series 1997, serial bonds due in annual installments of \$100,000 to \$500,000 through September 30, 2019; interest at 4.00% to 5.15%. Issued to refund a portion of the City's Tax and Revenue Certificates of Obligation, Series 1994, and for the construction of a city park.	\$ 486,750	\$ 398,250
\$7,000,000, General Obligation Bonds, Series 1999 serial bonds due in annual installments of \$100,000 to \$500,000 through September 30, 2019; interest at 3.50% to 4.80%. Issued to improve streets, acquire and construct new city hall, and park improvements.	2,255,000	-
\$2,000,000, General Obligation Bonds, Series 2001 serial bonds due in annual installments of \$65,000 to \$160,000 through September 30, 2021; interest at 5.00% to 6.25%. Issued for street improvements.	835,000	-
\$5,080,000, General Obligation Refunding Bonds, Series 2005, serial bonds due in annual installments of \$25,000 to \$580,000 through February 15, 2020; interest at 4.00% to 4.25%. Issued to refund a portion of the outstanding ad valorem tax debt.	3,900,000	1,100,000
\$5,250,000, General Obligation Refunding Bonds, Series 2007, serial bonds due in annual installments of \$20,000 to \$930,000 through February 15, 2021; interest at 3.78% to 4.49%. Issued to refund outstanding General Obligation Bonds, Series 1997, 1999 and 2001.	4,314,750	915,250
Total General Obligation Bonds	<u>11,791,500</u>	<u>2,413,500</u>
Certificates of Obligation:		
\$800,000 Combination Tax and Revenue Certificates of Obligation, Series 1998, serial obligations due in annual installments of \$20,000 to \$65,000 through February, 2018; interest at 5.00% to 7.75%. Issued to improve streets.	40,000	-
\$23,630,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, serial obligations due in annual installments of \$760,000 to \$1,765,000 through February 15, 2027; interest at 4.375% to 5.25%. Issued to improve streets, improve water and sewer system, computer and technology upgrades, and acquiring and installation of security and fire suppression systems for City Buildings.	9,114,333	13,620,667
Total Certificates of Obligation	<u>9,154,333</u>	<u>13,620,667</u>
Capital Lease Obligations:		
\$214,691 capital lease secured by equipment with a carrying value of \$178,909; annual installments of \$48,632 through March 15, 2010; interest at 4.30%. The lease is paid one-half by the public works department of the general government and one-half by the storm water utility fund.	45,667	45,667
Grand Total Outstanding Debt	<u>\$ 20,991,500</u>	<u>\$ 16,079,834</u>

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

General Obligation Bonds:

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
2009	\$ 813,350	\$ 477,256	\$ 236,650	\$ 96,061
2010	871,700	440,631	253,300	84,673
2011	1,024,375	400,535	145,625	75,858
2012	1,077,125	357,099	152,875	69,922
2013	1,117,075	311,381	157,925	63,727
2014-2018	5,831,350	841,447	1,223,650	191,101
2018-2023	1,056,525	44,008	243,475	10,163
Total	\$ 11,791,500	\$ 2,872,357	\$ 2,413,500	\$ 591,505

Certificates of Obligation:

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
2009	\$ 681,333	\$ 433,322	\$ 293,667	\$ 665,298
2010	609,000	404,220	371,000	650,343
2011	242,000	385,073	518,000	630,340
2012	252,000	373,958	543,000	606,468
2013	455,000	356,913	535,000	580,875
2014-2018	2,065,000	1,467,891	3,175,000	2,461,094
2019-2023	2,380,000	956,534	4,120,000	1,606,288
2024-2027	2,470,000	274,313	4,065,000	434,044
Total	\$ 9,154,333	\$ 4,652,224	\$ 13,620,667	\$ 7,634,748

The annual capital lease obligation to maturity is as follows:

Capital Leases:

Year Ended September 30	<i>Governmental Activities</i>	<i>Business-type Activities</i>
	Minimum annual payment	Minimum annual payment
2009	\$ 24,317	\$ 24,317
2010	23,715	23,715
Total minimum payments	48,032	48,032
Imputed interest	(2,365)	(2,365)
Principal	\$ 45,667	\$ 45,667

CITY OF CORINTH
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Deferred bond issuance costs:

	Governmental activities	Business-type activities
Bond issuance costs incurred in fiscal year 2005 in connection with the business-type portion of the \$5,080,000 general obligation issue	\$ 65,363	\$ 18,435
Bond issuance costs incurred in fiscal year 2007 in connection with the business-type portion of the \$5,250,000 general obligation issue	65,477	13,889
Bond issuance cost incurred in fiscal year 2007 in connection with the \$23,630,000 certificates of obligation	70,925	105,365
Less: amortization through September 30, 2008	(28,967)	(16,230)
Deferred bond issuance costs, net	\$ 172,798	\$ 121,459

IV. OTHER INFORMATION

A. Upper Trinity Regional Water District (UTRWD)

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

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

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

B. Employee retirement systems and pension plans

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year

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before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of 4/04/07):*

Deposit rate:	7%
Matching ratio (City to employee)	2 to 1
A member is vested after:	5 years
Updated Service Credit	100%
Annuity increase to retirees	Y
Supplemental death benefit (for both active and retirees)	Y

**To ensure the most accurate future rates are determined for the City, TMRS provided plan provisions as of 4/04/07 to the actuary in calculating the 12/31/06 valuation.*

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are: 5 years/age 60; 20 years/any age.

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect, (i.e. December 31, 2007 valuation is effective for rates beginning January 2009).

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	December 31, 2007	December 31, 2006	December 31, 2005
Actuarial Value of Assets	\$ 8,103,247	\$ 6,871,992	\$ 6,082,374
Actuarial Accrued Liability	11,994,418	8,676,561	7,555,214
Percentage Funded	67.56%	79.20%	80.51%
Unfunded Actuarial Accrued Liability (UAAL)	3,891,171	1,804,569	1,472,840
Annual Covered Payroll	7,289,692	6,320,378	5,826,215
UAAL as a % of Covered Payroll	53.38%	28.55%	25.28%
	September 30, 2008	September 30, 2007	September 30, 2006
Net Pension Obligation (NPO) at the Beginning of the Period	\$ -	\$ -	\$ -
Annual Pension Cost	-	-	-
Annual Required Contribution (ARC)	770,520.00	636,462.00	588,206.00
Contributions Made	770,520.00	636,462.00	588,206.00
Increase in NPO	-	-	-
NPO at the End of the Period	-	-	-

Actuarial Assumptions. Actuarial gains and losses are recognized immediately and decrease or increase the unfunded actuarial liability, which is being amortized over a constant 25-year amortization period as a level percent of payroll. The actuarial assumptions were developed from an actuarial investigation of the

CITY OF CORINTH
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experience of TMRS over the five years 1998-2002. The following table summarizes the basic actuarial assumptions used by TMRS:

Basic Actuarial Assumptions

Actuarial cost method	Projected Unit credit
Amortization method	Level percent of payroll
Remaining amortization method	30 years, closed period
Asset valuation method	Amortized cost (to accurately reflect the requirements of GASB statement no.25, paragraphs 36e and 138)
Investment rate of return	7.00%
Projected salary increases	Varies by age and service
Includes inflation at	3.00%
Cost of living adjustments	2.10% (3.00% CPI)
Payroll growth assumption	3.00%
Withdrawal rate for Male/Female	Mid-High/Mid

At its December 5, 2008 meeting the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2008 TMRS Comprehensive Annual Financial Report (CAFR).

A detailed explanation of the actuarial assumptions is provided in the TMRS Comprehensive Annual Financial Report available at <http://www.tmr.org/>. A copy may also be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

C. Risk Management

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks that are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide through commercial companies reinsurance contracts. The Pool agrees to handle all liability, property and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries commercial insurance on other risks of loss. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

D. Lake Cities Volunteer Fire Department

The City of Corinth has, since 1997, participated in the non-profit corporation known as the "Lake Cities Volunteer Fire Department" with the three other lake cities, Shady Shores, Hickory Creek and Lake Dallas. The participating cities, including Corinth, decided to dissolve the Lake Cities Volunteer Fire Department, thereby ending the corporation. On January 18, 2008, the entity "Lake Cities Volunteer Fire Department" was dissolved and the City of Corinth took over responsibility for the operations and administration of the Lake Cities Fire Department. Previously, the City was responsible for 55 percent of the overall LCFD budget, with the balance shared by the three other lake cities. The Lake Cities Fire Department will continue to operate and service all four lake cities; however, the other cities have entered into contract agreements for fire and EMS services with the City of Corinth. (Resolution No. 08-01-03-01)

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As part of the assumption of responsibility for the fire department, the City of Corinth assumed ownership of the following real and personal property:

- Truck/Equipment
- Fire Station #2 (2800 Shady Shores Rd., Corinth, TX)
- Ambulance
- Vehicles/Equipment
- 10.93 acre tract of land in the A.H. Serren Survey, Abstract Number 1198, City of Corinth, Denton County, Texas (northeast corner of Lake Sharon Dr. and Oakmont Dr.)
- 3101 South Garrison, City of Corinth, Denton County, Texas)

The City paid all outstanding debt owed by the LCFD with the exception of Fire Station #1 located at 275 Main St., Lake Dallas, Texas ownership and debt of which was assumed by the City of Lake Dallas. (Resolution No. 08-01-03-02)

On January 18, 2007, the City entered into a lease agreement with the City of Lake Dallas for Fire Station #1. The lease agreement is for \$36,000 per year, prorated for fiscal year 2008 at \$25,355. (Resolution No. 08-01-03-03)

E. Component Unit Information

Corinth Economic Development Corporation

Background

A 4B Corporation is a public instrumentality and non-profit development corporation established under Section 4B of the Development Corporation Act of 1979, Tex. Rev. Civ. Stat. Ann. Article 5190.6, as amended. The Act provides that 4B Corporations may fund a wide variety of projects including land, buildings, equipment, facilities, expenditures and improvements related to projects defined in the Act and suitable for the promotion of amateur sports, athletic, entertainment, tourist, convention, and public park purposes and events, including stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and open space improvements, museums, exhibition facilities; related store, restaurant, concession, parking and transportation facilities; related street, water and sewer facilities; and to create or retain "primary jobs," including: public safety facilities, recycling facilities, streets and roads, drainage and related improvements, demolition of existing structures; and maintenance and operating costs associated with projects.

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

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

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

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Current Year

The Corporation's net assets as of September 30, 2008, were \$1,444,588. The CEDC's net assets declined by \$177,855 during the year ended September 30, 2008 due to decreased sales tax collections and contribution to the Parks and Recreation CIP fund for the new Woods Building.

F. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

G. Prior Year Restatements

The City made several reclassifications of the prior year as it relates to franchise tax receivable, capital assets, reallocation of prior year outstanding debt and the reallocation of related bond issue cost and premium/discount.

	Governmental Activities		
	Reported 09/30/07	Increase (Decrease)	Restated 09/30/07
Statement of Net Assets			
Assets			
Receivables, net	\$ 1,837,204	\$ (159,579)	\$ 1,677,625
Internal balances	272,544	110,501	383,045
Deferred Charges	172,253	761	173,014
Capital Assets			
Construction in Progress			
Machinery and Equipment	958,530	5,215	963,745
Total Assets	<u>76,047,253</u>	<u>(43,102)</u>	<u>76,004,151</u>
Liabilities			
Accrued interest payable	82,978	143	83,121
Debt due within one year	1,140,375	247,293	1,387,668
Debt due in more than one year	19,765,966	(156,344)	19,609,622
Total Liabilities	<u>22,268,824</u>	<u>91,092</u>	<u>22,359,916</u>
Net Assets			
Invested in capital assets, net	44,765,230	7,017	44,772,247
Restricted for debt service	1,476,268	-	1,476,268
Restricted for capital projects	-	9,404,520	9,404,520
Unrestricted	7,536,931	(9,545,730)	(2,008,799)
Total Net Assets	<u>\$ 53,778,429</u>	<u>\$ (134,193)</u>	<u>\$ 53,644,236</u>
Statement of Activity			
Expenses			
	\$ 13,569,758	\$ (20,050)	\$ 13,549,708
Program Revenues			
Charges for Services	1,955,036	34,621	1,989,657
Net Expense	<u>(10,356,689)</u>	<u>54,671</u>	<u>(10,302,018)</u>
General Revenues			
Franchise Taxes	861,399	(193,915)	667,484
Total General Revenues	<u>10,233,291</u>	<u>(193,915)</u>	<u>10,039,376</u>
Changes in Net Assets	<u>\$ (123,398)</u>	<u>\$ (139,244)</u>	<u>\$ (262,642)</u>

CITY OF CORINTH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

	Business-Type Activities		
	Reported 09/30/07	Increase (Decrease)	Restated 09/30/07
Statement of Net Assets			
Assets			
Receivables, net			
Internal balances	(272,544)	(110,501)	(383,045)
Deferred Charges	141,847	(770)	141,077
Capital Assets			
Construction in Progress	805,804	(16,000)	789,804
Machinery and Equipment			
Total Assets	39,557,587	(127,271)	39,430,316
Liabilities			
Accrued interest payable	45,870	(143)	45,727
Debt due within one year	836,378	(221,988)	614,390
Debt due in more than one year	18,149,029	105,604	18,254,633
Total Liabilities	20,164,610	(116,527)	20,048,083
Net Assets			
Invested in capital assets, net	16,104,296	(17,804)	16,086,492
Restricted for debt service			
Restricted for capital projects			
Unrestricted	3,299,681	7,055	3,295,736
Total Net Assets	\$ 19,392,977	\$ (10,749)	\$ 19,382,228
Statement of Activity			
Expenses	\$ 8,706,429	\$ (5,254)	\$ 8,701,175
Program Revenues			
Charges for Services			
Net Expense	2,559,962	5,254	2,565,216
General Revenues			
Franchise Taxes			
Total General Revenues			
Changes in Net Assets	\$ 2,966,571	\$ 5,254	\$ 2,971,825

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CORINTH, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>Property</i>	\$ 5,979,370	\$ 5,979,370	\$ 6,000,535	\$ 21,165
<i>Franchise</i>	960,903	960,903	894,191	(66,712)
<i>Sales</i>	1,152,585	1,152,585	1,046,958	(105,627)
<i>Fees and permits</i>	617,730	617,730	400,375	(217,355)
<i>Fines and forfeitures</i>	692,878	692,878	670,529	(22,349)
<i>Charges for services</i>	1,191,979	2,614,408	2,639,945	25,537
<i>Interest income</i>	430,000	430,000	335,205	(94,795)
<i>Intergovernmental</i>	97,250	219,672	234,353	14,681
<i>Miscellaneous income</i>	77,074	77,074	98,291	21,217
Total revenues	<u>11,199,769</u>	<u>12,744,620</u>	<u>12,320,382</u>	<u>(424,238)</u>
Expenditures:				
Current:				
<i>Public safety</i>	5,059,163	6,731,537	7,712,465	(980,928)
<i>Community services</i>	2,012,656	2,012,656	1,888,806	123,850
<i>Public works</i>	1,409,447	1,409,447	1,049,051	360,396
<i>Planning and community development</i>	923,039	923,039	822,157	100,882
<i>City Administration</i>	1,775,216	2,009,371	1,237,314	772,057
<i>Finance and administrative services</i>	725,229	725,229	705,898	19,331
Total Expenditures	<u>11,904,750</u>	<u>13,811,279</u>	<u>13,415,691</u>	<u>395,588</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(704,981)</u>	<u>(1,066,659)</u>	<u>(1,095,309)</u>	<u>(28,650)</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	222,422	100,000	107,346	7,346
<i>Transfers out</i>	(30,545)	(274,108)	(457,312)	(183,204)
<i>Sale of Capital Assets</i>	15,000	15,000	--	(15,000)
Total Other Financing Sources (Uses)	<u>206,877</u>	<u>(159,108)</u>	<u>(349,966)</u>	<u>(190,858)</u>
Net Change in Fund Balances	(498,104)	(1,225,767)	(1,445,275)	(219,508)
Fund Balances - Beginning	6,173,314	6,173,315	6,349,788	176,473
Prior Period Adjustment	--	--	(159,579)	(159,579)
Fund Balances - Ending	<u>\$ 5,675,210</u>	<u>\$ 4,947,548</u>	<u>\$ 4,744,934</u>	<u>\$ (202,614)</u>

Stewardship, Compliance, and Accountability
Budgetary Information

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

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Budgeted amounts are as originally adopted or as amended by the City Council or management. During the year the following increases in appropriations were submitted as budget amendments and approved by the City Council:
 - Ordinance No 08-02-21-04 – Expenditure for hiring a temporary Information Services Technician
 - Ordinance No 08-06-19-16 – Costs associated with the acquisition of the Lake Cities Fire Department - \$1,462,827
 - Ordinance No 08-10-02-24 – Costs associated with the acquisition of the Lake Cities Fire Department - \$217,800
 - Ordinance No 08-06-05-14 – Costs associated with the installation of security glass - \$7,950
 - Ordinance No 08-04-24-13 – Fees associated with the settlement agreement approved on April 24, 2008 - \$166,00
 - Ordinance No 08-04-03-12 – Fees associated for the Council Chambers security - \$28,205
 - Ordinance No 08-03-20-08 – Expenses related to the Texas Parks and Wildlife Department Trails Grant for Rehabilitation on the Elm Fork Horse and Hiking Trail
 - Ordinance No. 08-03-02-01 adjusted the Corinth Economic Development Corporation's budget in the amount of \$280,134 to allow for various expenditures.
5. Capital Project funds were not budgeted. Since project length financial plans usually extend into two or more fiscal years, this makes comparisons confusing and misleading.
6. Formal budgetary integration is employed as a management control device during the year. The legally adopted budgets for the General Fund, Special Revenue Funds, and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the following funds:

General Fund

Special Revenue Funds:

- Street Maintenance Sales Tax Fund
- Crime Control & Prevention Fund

Debt Service Fund

7. Expenditures in Excess of Budget Authorization

General Fund – Public Safety \$980,928

8. Fund Deficits

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

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS



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CITY OF CORINTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
<i>Cash</i>	\$ 526,591	\$ 599,421	\$ 1,126,012
<i>Investments</i>	603,584	1,454,637	2,058,221
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	90,104	--	90,104
<i>Accounts</i>	19,402	--	19,402
<i>Interest</i>	2,959	11,413	14,372
<i>Special assessments</i>	35,101	--	35,101
<i>Due from other funds</i>	235,310	110,158	345,468
	<u>1,513,051</u>	<u>2,175,629</u>	<u>3,688,680</u>
Total Assets	\$ 1,513,051	\$ 2,175,629	\$ 3,688,680
LIABILITIES:			
<i>Accounts payable</i>	\$ 1,171	\$ 53,730	\$ 54,901
<i>Accrued liabilities</i>	6,387	--	6,387
<i>Due to other funds</i>	1,546	292,142	293,688
<i>Deferred revenue</i>	31,128	--	31,128
	<u>40,232</u>	<u>345,872</u>	<u>386,104</u>
Total Liabilities	40,232	345,872	386,104
Fund Balances:			
<i>Unreserved, reported in:</i>			
<i>Special Revenue Funds</i>	1,472,819	--	1,472,819
<i>Capital Projects Funds</i>	--	1,829,757	1,829,757
Total Fund Balances	<u>1,472,819</u>	<u>1,829,757</u>	<u>3,302,576</u>
	<u>1,513,051</u>	<u>2,175,629</u>	<u>3,688,680</u>
Total Liabilities and Fund Balances	\$ 1,513,051	\$ 2,175,629	\$ 3,688,680

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 477,005	\$ --	\$ 477,005
<i>Interest income</i>	48,628	104,687	153,315
<i>Park donations</i>	30,770	474,000	504,770
<i>Roadway impact fees</i>	251,200	--	251,200
<i>Intergovernmental</i>	22,016	--	22,016
<i>Miscellaneous income</i>	10,741	--	10,741
Total revenues	<u>840,360</u>	<u>578,687</u>	<u>1,419,047</u>
Expenditures:			
Current:			
<i>Public safety</i>	408,365	--	408,365
<i>Public works</i>	415,000	--	415,000
<i>Capital Outlay</i>	--	1,154,555	1,154,555
Debt Service:			
<i>Paying agent fees</i>	--	75	75
Total Expenditures	<u>823,365</u>	<u>1,154,630</u>	<u>1,977,995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,995</u>	<u>(575,943)</u>	<u>(558,948)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	394,168	791,518	1,185,686
<i>Transfers out</i>	(129,265)	(1,151,202)	(1,280,467)
Total Other Financing Sources (Uses)	<u>264,903</u>	<u>(359,684)</u>	<u>(94,781)</u>
Net Change in Fund Balances	281,898	(935,627)	(653,729)
Fund Balances - Beginning	1,190,921	2,767,899	3,958,820
Prior Period Adjustment	--	(2,515)	(2,515)
Fund Balances - Ending	<u>\$ 1,472,819</u>	<u>\$ 1,829,757</u>	<u>\$ 3,302,576</u>

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CITY OF CORINTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2008

	Street Maintenance Sales Tax	Roadway Impact Fees
ASSETS		
<i>Cash</i>	\$ 15,105	\$ 264,587
<i>Investments</i>	303,808	299,776
Receivables (net of allowances for uncollectibles):		
<i>Sales taxes</i>	50,591	--
<i>Accounts</i>	--	--
<i>Interest</i>	--	2,959
<i>Special assessments</i>	--	--
<i>Due from other funds</i>	--	--
	<u> </u>	<u> </u>
Total Assets	\$ <u>369,504</u>	\$ <u>567,322</u>
LIABILITIES:		
<i>Accounts payable</i>	\$ --	\$ --
<i>Accrued liabilities</i>	--	--
<i>Due to other funds</i>	--	--
<i>Deferred revenue</i>	--	--
	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u> </u>
Fund Balances:		
<i>Unreserved</i>	<u>369,504</u>	<u>567,322</u>
Total Fund Balances	<u>369,504</u>	<u>567,322</u>
	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ <u>369,504</u>	\$ <u>567,322</u>

Crime Control & Prevention	Special Revenue	Elm Fork Trails Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 93,662	\$ 153,237	\$ --	\$ 526,591
--	--	--	603,584
39,513	--	--	90,104
--	19,402	--	19,402
--	--	--	2,959
--	35,101	--	35,101
--	--	235,310	235,310
<u>\$ 133,175</u>	<u>\$ 207,740</u>	<u>\$ 235,310</u>	<u>\$ 1,513,051</u>
\$ 1,171	\$ --	\$ --	\$ 1,171
6,387	--	--	6,387
--	1,546	--	1,546
--	31,128	--	31,128
<u>7,558</u>	<u>32,674</u>	<u>--</u>	<u>40,232</u>
125,617	175,066	235,310	1,472,819
<u>125,617</u>	<u>175,066</u>	<u>235,310</u>	<u>1,472,819</u>
<u>\$ 133,175</u>	<u>\$ 207,740</u>	<u>\$ 235,310</u>	<u>\$ 1,513,051</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, 2008

	Street Maintenance Sales Tax	Roadway Impact Fees
Revenue:		
Taxes:		
<i>Sales</i>	\$ 259,997	\$ --
<i>Interest income</i>	17,741	6,899
<i>Park donations</i>	--	--
<i>Roadway impact fees</i>	--	251,200
<i>Intergovernmental</i>	--	--
<i>Miscellaneous income</i>	--	--
Total revenues	<u>277,738</u>	<u>258,099</u>
Expenditures:		
Current:		
<i>Public safety</i>	--	--
<i>Public works</i>	415,000	--
Total Expenditures	<u>415,000</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(137,262)</u>	<u>258,099</u>
Other Financing Sources (Uses):		
<i>Transfers in</i>	--	--
<i>Transfers out</i>	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(137,262)	258,099
Fund Balances - Beginning	<u>506,766</u>	<u>309,223</u>
Fund Balances - Ending	<u>\$ 369,504</u>	<u>\$ 567,322</u>

Crime Control & Prevention	Special Revenue	Elm Fork Trails Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ 217,008	\$ --	\$ --	\$ 477,005
3,530	20,458	--	48,628
--	30,770	--	30,770
--	--	--	251,200
--	22,016	--	22,016
--	10,741	--	10,741
<u>220,538</u>	<u>83,985</u>	<u>--</u>	<u>840,360</u>
324,719	83,646	--	408,365
--	--	--	415,000
<u>324,719</u>	<u>83,646</u>	<u>--</u>	<u>823,365</u>
(104,181)	339	--	16,995
--	158,858	235,310	394,168
--	(129,265)	--	(129,265)
--	<u>29,593</u>	<u>235,310</u>	<u>264,903</u>
(104,181)	29,932	235,310	281,898
<u>229,798</u>	<u>145,134</u>	<u>--</u>	<u>1,190,921</u>
<u>\$ 125,617</u>	<u>\$ 175,066</u>	<u>\$ 235,310</u>	<u>\$ 1,472,819</u>

CITY OF CORINTH, TEXAS
 STREET MAINTENANCE SALES TAX FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-5

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Sales</i>	\$ 287,000	\$ 259,997	\$ (27,003)
<i>Interest income</i>	--	17,741	17,741
Total revenues	<u>287,000</u>	<u>277,738</u>	<u>(9,262)</u>
Expenditures:			
Current:			
<i>Public works</i>	415,000	415,000	--
Total Expenditures	<u>415,000</u>	<u>415,000</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(128,000)</u>	<u>(137,262)</u>	<u>(9,262)</u>
Net Change in Fund Balances	(128,000)	(137,262)	(9,262)
Fund Balances - Beginning	<u>506,766</u>	<u>506,766</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 378,766</u>	<u>\$ 369,504</u>	<u>\$ (9,262)</u>

CITY OF CORINTH, TEXAS
CRIME CONTROL & PREVENTION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Sales</i>	\$ 223,348	\$ 217,008	\$ (6,340)
<i>Interest income</i>	7,500	3,530	(3,970)
Total revenues	<u>230,848</u>	<u>220,538</u>	<u>(10,310)</u>
Expenditures:			
Current:			
<i>Public safety</i>	438,258	324,719	113,539
Total Expenditures	<u>438,258</u>	<u>324,719</u>	<u>113,539</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(207,410)</u>	<u>(104,181)</u>	<u>103,229</u>
Net Change in Fund Balances	(207,410)	(104,181)	103,229
Fund Balances - Beginning	<u>229,798</u>	<u>229,798</u>	--
Fund Balances - Ending	<u>\$ 22,388</u>	<u>\$ 125,617</u>	<u>\$ 103,229</u>

CITY OF CORINTH, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-7

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Property</i>	\$ 1,778,601	\$ 1,829,018	\$ 50,417
<i>Interest income</i>	--	10,512	10,512
Total revenues	<u>1,778,601</u>	<u>1,839,530</u>	<u>60,929</u>
Expenditures:			
Debt Service:			
<i>Principal</i>	1,257,650	1,257,650	--
<i>Interest</i>	889,765	883,984	5,781
<i>Paying agent fees</i>	25,000	4,300	20,700
<i>Bond issuance costs</i>	--	728	(728)
Total Expenditures	<u>2,172,415</u>	<u>2,146,662</u>	<u>25,753</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(393,814)</u>	<u>(307,132)</u>	<u>86,682</u>
Net Change in Fund Balances	(393,814)	(307,132)	86,682
Fund Balances - Beginning	<u>1,437,252</u>	<u>1,437,252</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 1,043,438</u>	<u>\$ 1,130,120</u>	<u>\$ 86,682</u>

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CITY OF CORINTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2008

	<u>Capital Projects</u>	<u>Vehicle Replacement</u>	<u>Parks CIP 2008</u>
ASSETS			
<i>Cash</i>	\$ 162,959	\$ 127,592	\$ 64,858
<i>Investments</i>	401,652	--	413,888
Receivables (net of allowances for uncollectibles):			
<i>Interest</i>	6,314	--	2,559
<i>Due from other funds</i>	<u>--</u>	<u>110,158</u>	<u>--</u>
Total Assets	<u>\$ 570,925</u>	<u>\$ 237,750</u>	<u>\$ 481,305</u>
LIABILITIES:			
<i>Accounts payable</i>	\$ --	\$ --	\$ --
<i>Due to other funds</i>	<u>--</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:			
<i>Unreserved</i>	<u>570,925</u>	<u>237,750</u>	<u>481,305</u>
Total Fund Balances (deficit)	<u>570,925</u>	<u>237,750</u>	<u>481,305</u>
Total Liabilities and Fund Balances	<u>\$ 570,925</u>	<u>\$ 237,750</u>	<u>\$ 481,305</u>

2004 Tax Note	2009 Streets CO	All Department CIP 2007	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 206,128	\$ --	\$ 37,884	\$ 599,421
--	--	639,097	1,454,637
--	--	2,540	11,413
--	--	--	110,158
<u>\$ 206,128</u>	<u>\$ --</u>	<u>\$ 679,521</u>	<u>\$ 2,175,629</u>
\$ --	\$ --	\$ 53,730	\$ 53,730
--	57,946	234,196	292,142
--	57,946	287,926	345,872
206,128	(57,946)	391,595	1,829,757
<u>206,128</u>	<u>(57,946)</u>	<u>391,595</u>	<u>1,829,757</u>
<u>\$ 206,128</u>	<u>\$ --</u>	<u>\$ 679,521</u>	<u>\$ 2,175,629</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, 2008

	Capital Projects	Vehicle Replacement	Parks CIP 2008
Revenue:			
Taxes:			
<i>Interest income</i>	\$ 55,243	\$ --	\$ 7,305
<i>Park donations</i>	--	--	474,000
Total revenues	<u>55,243</u>	<u>--</u>	<u>481,305</u>
Expenditures:			
<i>Capital Outlay</i>	136,311	--	--
<i>Paying agent fees</i>	--	--	--
Total Expenditures	<u>136,311</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(81,068)</u>	<u>--</u>	<u>481,305</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	237,750	--
<i>Transfers out</i>	(916,306)	--	--
Total Other Financing Sources (Uses)	<u>(916,306)</u>	<u>237,750</u>	<u>--</u>
Net Change in Fund Balances	(997,374)	237,750	481,305
Fund Balances - Beginning	1,568,299	--	--
Prior Period Adjustment	--	--	--
Fund Balances (deficit) - Ending	<u>\$ 570,925</u>	<u>\$ 237,750</u>	<u>\$ 481,305</u>

2004 Tax Note	2001 GO Streets	2009 Streets CO	All Department CIP 2007	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ --	\$ --	\$ --	\$ 42,139	\$ 104,687
--	--	--	--	474,000
--	--	--	42,139	578,687
--	346,940	57,946	613,358	1,154,555
--	--	--	75	75
--	346,940	57,946	613,433	1,154,630
--	(346,940)	(57,946)	(571,294)	(575,943)
206,128	346,940	--	700	791,518
--	--	--	(234,896)	(1,151,202)
206,128	346,940	--	(234,196)	(359,684)
206,128	--	(57,946)	(805,490)	(935,627)
--	--	--	1,199,600	2,767,899
--	--	--	(2,515)	(2,515)
<u>\$ 206,128</u>	<u>\$ --</u>	<u>\$ (57,946)</u>	<u>\$ 391,595</u>	<u>\$ 1,829,757</u>

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

SEPTEMBER 30, 2008

	<u>Insurance</u>	<u>Sidewalk Escrow</u>	<u>Total Agency Funds (See Exhibit A-10)</u>
ASSETS:			
<i>Cash</i>	\$ 34,927	\$ 14,000	\$ 48,927
Total Assets	<u>\$ 34,927</u>	<u>\$ 14,000</u>	<u>\$ 48,927</u>
LIABILITIES:			
<i>Accrued liabilities</i>	\$ 34,927	\$ --	\$ 34,927
<i>Other liabilities</i>	<u>--</u>	<u>14,000</u>	<u>14,000</u>
Total Liabilities	<u>\$ 34,927</u>	<u>\$ 14,000</u>	<u>\$ 48,927</u>

CITY OF CORINTH, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-11

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
INSURANCE AGENCY FUND				
ASSETS				
Cash	\$ 34,509	\$ 38,428	\$ 38,010	\$ 34,927
Total Assets	<u>\$ 34,509</u>	<u>\$ 38,428</u>	<u>\$ 38,010</u>	<u>\$ 34,927</u>
LIABILITIES				
Accrued Liabilities	\$ 34,509	\$ 38,428	\$ 38,010	\$ 34,927
Other liabilities	--	--	--	--
Total Liabilities	<u>\$ 34,509</u>	<u>\$ 38,428</u>	<u>\$ 38,010</u>	<u>\$ 34,927</u>
SIDEWALK ESCROW FUND				
ASSETS				
Cash	\$ --	\$ 14,000	\$ --	\$ 14,000
Total Assets	<u>\$ --</u>	<u>\$ 14,000</u>	<u>\$ --</u>	<u>\$ 14,000</u>
LIABILITIES				
Accrued Liabilities	\$ --	\$ --	\$ --	\$ --
Other liabilities	--	14,000	--	14,000
Total Liabilities	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
TOTAL AGENCY FUNDS:				
ASSETS				
Cash	\$ 34,509	\$ 52,428	\$ 38,010	\$ 48,927
Total Assets	<u>\$ 34,509</u>	<u>\$ 52,428</u>	<u>\$ 38,010</u>	<u>\$ 48,927</u>
LIABILITIES				
Accrued Liabilities	\$ 34,509	\$ 38,428	\$ 38,010	\$ 34,927
Other liabilities	--	14,000	--	14,000
Total Liabilities	<u>\$ 34,509</u>	<u>\$ 52,428</u>	<u>\$ 38,010</u>	<u>\$ 48,927</u>

CITY OF CORINTH, TEXAS

CORINTH ECONOMIC DEVELOPMENT 4(B) SALES TAX FUND
 DISCRETELY PRESENTED COMPONENT UNIT
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 547,470	\$ 519,976	\$ (27,494)
<i>Interest income</i>	58,800	44,589	(14,211)
Total revenues	<u>606,270</u>	<u>564,565</u>	<u>(41,705)</u>
Expenditures:			
Current:			
<i>Planning and community development</i>	1,167,228	742,420	424,808
Total Expenditures	<u>1,167,228</u>	<u>742,420</u>	<u>424,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(560,958)</u>	<u>(177,855)</u>	<u>383,103</u>
Net Change in Fund Balances	(560,958)	(177,855)	383,103
Fund Balances - Beginning	<u>1,622,443</u>	<u>1,622,443</u>	--
Fund Balances - Ending	<u>\$ 1,061,485</u>	<u>\$ 1,444,588</u>	<u>\$ 383,103</u>

STATISTICAL SECTION



STATISTICAL SECTION

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

Contents	Page
Financial Trends	88
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	95
<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	103
<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	107
<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	109
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

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

CITY OF CORINTH, TEXAS

NET ASSETS BY COMPONENT

LAST SIX FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year		
	2003	2004	2005
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ (199,068)	\$ 565,152	\$ 46,286,313
Restricted	2,626,881	3,417,639	977,578
Unrestricted	1,754,328	1,635,029	6,226,345
Total Governmental Activities Net Assets	<u>\$ 4,182,141</u>	<u>\$ 5,617,820</u>	<u>\$ 53,490,236</u>
Business-type Activities			
Invested in Capital Assets, Net of Related Debt	\$ 12,112,465	\$ 10,987,669	\$ 12,462,107
Restricted	1,683,050	1,866,796	1,364,100
Unrestricted	(456,751)	(1,055,443)	799,118
Total Business-type Activities Net Assets	<u>\$ 13,338,764</u>	<u>\$ 11,799,022</u>	<u>\$ 14,625,325</u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	\$ 11,913,397	\$ 11,552,821	\$ 58,748,420
Restricted	4,309,931	5,284,435	2,341,678
Unrestricted	1,297,577	579,586	7,025,463
Total Primary Government Net Assets	<u>\$ 17,520,905</u>	<u>\$ 17,416,842</u>	<u>\$ 68,115,561</u>

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

(1) 2007 restated for debt reallocation.

TABLE D-1

2006	2007 (1)	2008
\$ 45,102,746	\$ 44,772,247	\$ 43,000,166
2,951,097	3,109,568	3,020,980
5,847,984	5,762,421	6,112,583
<u>\$ 53,901,827</u>	<u>\$ 53,644,236</u>	<u>\$ 52,133,729</u>
\$ 13,801,367	\$ 16,086,492	\$ 15,604,347
--	--	--
2,625,039	3,295,736	5,229,817
<u>\$ 16,426,406</u>	<u>\$ 19,382,228</u>	<u>\$ 20,834,164</u>
\$ 58,904,113	\$ 60,858,739	\$ 58,604,513
2,951,097	10,880,788	3,020,980
8,473,023	1,286,937	11,342,400
<u>\$ 70,328,233</u>	<u>\$ 73,026,464</u>	<u>\$ 72,967,893</u>

CITY OF CORINTH, TEXAS

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE

LAST SIX FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	2003	2004	2005	2006	2007 (1)	2008 (2)
Expenses						
Governmental Activities:						
Public safety	\$ 1,833,954	\$ 2,158,121	\$ 2,157,623	\$ 2,570,307	\$ 2,745,345	\$ 6,891,366
Fire	1,145,958	1,318,659	1,475,376	1,565,570	1,995,931	--
Community services	--	--	--	1,649,758	1,805,271	1,950,842
Culture & Recreation	1,043,990	1,048,510	1,173,264	--	--	--
Public works	--	--	--	4,105,885	4,065,127	4,571,006
Highways & Streets	1,778,484	698,839	3,415,957	--	--	--
Planning and community development	--	--	--	596,687	744,218	810,774
Community development	444,553	394,067	350,040	--	--	--
Economic development	314,892	246,323	206,577	--	--	--
City administration	--	--	--	594,134	713,750	1,425,905
Financial and administrative services	--	--	--	725,165	949,085	702,155
General Government	1,429,309	1,476,264	1,811,599	--	--	--
Interest on Long-Term Debt	1,582,717	870,298	769,953	578,365	530,981	894,159
Total Governmental Activities Expenses	9,573,857	8,211,081	11,360,389	12,385,871	13,549,708	17,246,207
Business-type Activities:						
Water and wastewater	7,033,190	7,288,289	7,775,047	8,384,025	8,353,563	9,959,789
Storm Water Utility	--	--	295,597	207,768	347,612	464,127
Total Business-type Activities Expenses	7,033,190	7,288,289	8,070,644	8,591,793	8,701,175	10,423,916
Total Primary Government Expenses	\$ 16,607,047	\$ 15,499,370	\$ 19,431,033	\$ 20,977,664	\$ 22,250,883	\$ 27,670,123
Program Revenues						
Governmental Activities:						
Charges for Services:						
Public safety	\$ 239,822	\$ 447,107	\$ 492,359	\$ 133,700	\$ 171,534	\$ 2,442,177
Community services	--	--	--	774,741	750,410	208,352
Culture & Recreation	104,945	97,960	130,454	--	--	--
Planning and community development	--	--	--	661,209	493,749	416,347
City administration	--	--	--	7,890	13,972	--
Finance and administrative services	--	--	--	252,636	559,992	881,951
General Government	1,108,355	1,099,768	1,147,641	--	--	--
Operating Grants and Contributions	2,476	25,716	159,282	211,840	202,291	271,544
Capital Grants and Contributions	--	36,796	5,786	688,101	1,055,742	725,200
Total Governmental Activities Program Revenues	1,455,598	1,707,347	1,935,522	2,729,937	3,247,690	4,945,571
Business-type Activities:						
Charges for Services:						
Water and wastewater	5,829,380	5,622,897	7,200,377	8,624,995	8,706,440	10,169,565
Storm Water Utility	--	--	295,598	364,504	432,848	495,193
Operating Grants and Contributions	--	--	1,208,704	--	--	--
Capital Grants and Contributions	--	886,106	--	1,265,180	2,127,103	2,071,941
Total Business-type Activities Program Revenues	5,829,380	6,509,003	8,704,679	10,254,679	11,266,391	12,736,699
Total Primary Government Program Revenues	\$ 7,284,978	\$ 8,216,350	\$ 10,640,201	\$ 12,984,616	\$ 14,514,081	\$ 17,682,270
Net (Expense)/Revenue						
Governmental Activities	\$ (8,118,259)	\$ (6,503,734)	\$ (9,424,867)	\$ (9,655,934)	\$ (10,302,018)	\$ (12,300,636)
Business-type Activities	(1,203,810)	(779,286)	634,035	1,662,886	2,565,216	2,312,783
Total Primary Government Net Expense	\$ (9,322,069)	\$ (7,283,020)	\$ (8,790,832)	\$ (7,993,048)	\$ (7,736,802)	\$ (9,987,853)

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. This information is presented using the accrual basis of accounting.

(1) 2007 restated for debt reallocation.

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

CITY OF CORINTH, TEXAS**GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS**

LAST FIVE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year					
	2003	2004	2005	2006	2007 (1)	2008 (2)
Net (Expense)/Revenue						
Governmental Activities	\$ (8,118,258)	\$ (6,503,734)	\$ (9,424,867)	\$ (9,635,934)	\$ (10,302,018)	\$ (12,300,636)
Business-type Activities	(1,203,810)	(779,286)	634,034	1,662,886	2,565,216	2,312,783
Total Primary Government Net Expense	<u>(9,322,068)</u>	<u>(7,283,020)</u>	<u>(8,790,833)</u>	<u>(7,973,048)</u>	<u>(7,736,802)</u>	<u>(9,987,853)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes						
Property Taxes	3,689,016	6,515,600	6,841,794	6,894,264	7,362,347	7,784,085
Franchise Taxes	676,333	832,345	742,121	1,289,688	667,199	894,191
Sales Taxes	855,211	824,038	1,114,945	1,441,016	1,539,307	1,523,963
Other Taxes	3,586	18,297	4,169	--	--	--
Investment Earnings	47,337	86,918	114,676	427,975	562,353	740,740
Miscellaneous	2,260,952	531,844	236,163	37,082	46,395	73,884
Special item outflow	--	--	--	--	--	(1,742,435)
Transfers	780,000	(559,938)	(486,669)	(22,500)	(138,510)	1,515,701
Total Governmental Activities	<u>8,312,435</u>	<u>8,249,104</u>	<u>8,567,199</u>	<u>10,067,525</u>	<u>10,039,091</u>	<u>10,790,129</u>
Business-type Activities:						
Investment Earnings	8,934	51,133	120,742	95,712	164,855	643,642
Miscellaneous	1,201,954	--	19,606	19,983	103,243	11,212
Transfers	(680,000)	559,938	485,120	22,500	138,510	(1,515,701)
Total Business-type Activities	<u>530,888</u>	<u>611,071</u>	<u>625,468</u>	<u>138,195</u>	<u>406,608</u>	<u>(860,847)</u>
Total Primary Government	<u>8,843,323</u>	<u>8,860,175</u>	<u>9,192,667</u>	<u>10,205,720</u>	<u>10,445,699</u>	<u>9,929,282</u>
Change in Net Assets						
Governmental Activities	194,177	1,745,370	(857,668)	411,771	(262,927)	(1,510,507)
Business-type Activities	(672,922)	(168,215)	1,259,502	1,801,081	2,971,824	1,451,936
Total Primary Government	<u>\$ (478,745)</u>	<u>\$ 1,577,155</u>	<u>\$ 401,834</u>	<u>\$ 2,212,852</u>	<u>\$ 2,708,897</u>	<u>\$ (58,571)</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. This information is presented using the accrual basis of accounting.

(1) 2007 restated for debt reallocation.

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

CITY OF CORINTH, TEXAS

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

	Fiscal Year					
	1998	1999	2000	2001	2002	2003
General Fund						
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,321,856
Unreserved	2,339,649	3,265,498	3,260,842	4,554,602	3,254,610	650,644
Total General Fund	<u>\$ 2,339,649</u>	<u>\$ 3,265,498</u>	<u>\$ 3,260,842</u>	<u>\$ 4,554,602</u>	<u>\$ 3,254,610</u>	<u>\$ 2,972,500</u>
All Other Governmental Funds						
Reserved	\$ 765,220	\$ 974,336	\$ 1,149,027	\$ 1,360,246	\$ 1,857,159	\$ 2,336,307
Unreserved, Reported In:						
Special Revenue Funds	--	--	--	--	--	59,568
Capital Projects Funds	3,438,459	8,712,615	8,807,930	8,410,923	6,123,649	1,698,645
Total All Other Governmental Funds	<u>\$ 4,203,679</u>	<u>\$ 9,686,951</u>	<u>\$ 9,956,957</u>	<u>\$ 9,771,169</u>	<u>\$ 7,980,808</u>	<u>\$ 4,094,520</u>

(1) 2007 restated for debt reallocation.

TABLE D-4

2004	2005	2006	2007 (1)	2008
\$ 70,996	\$ 60,234	\$ 88,311	\$ 152,119	\$ 185,245
2,835,785	4,016,196	5,574,219	6,038,090	4,559,689
<u>\$ 2,906,781</u>	<u>\$ 4,076,430</u>	<u>\$ 5,662,349</u>	<u>\$ 6,190,209</u>	<u>\$ 4,744,934</u>
\$ 3,158,826	\$ 1,811,859	\$ 1,259,957	\$ 1,517,764	\$ 1,130,120
32,373	247,791	792,626	1,190,922	1,472,819
707,092	930,290	1,672,512	9,324,007	10,639,614
<u>\$ 3,898,291</u>	<u>\$ 2,989,940</u>	<u>\$ 3,725,095</u>	<u>\$ 12,032,693</u>	<u>\$ 13,242,553</u>

TABLE D-5

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007 (1)	2008
Revenues										
Taxes	\$ 3,284,384	\$ 4,365,186	\$ 5,722,419	\$ 6,313,191	\$ 7,198,835	\$ 8,107,616	\$ 8,779,829	\$ 9,618,306	\$ 9,498,132	\$ 10,247,707
Licenses, Fees and Permits	1,046,199	1,303,793	1,729,410	1,243,710	1,108,403	909,512	916,794	661,652	468,395	400,375
Fines and Penalties	230,003	253,877	307,781	233,218	401,998	645,562	393,693	657,395	670,529	670,529
Charges for Services	16,890	34,140	39,120	42,465	87,905	212,917	423,299	468,651	782,146	2,639,945
Special Assessments	172,154	95,440	98,381	725	431	--	--	--	134,798	251,200
Intergovernmental	--	--	--	--	--	--	--	64,138	182,512	256,389
Investment Earnings	97,776	177,509	180,836	75,210	47,424	27,843	91,574	427,975	562,354	740,741
Other Revenues	586,189	151,078	613,836	144,086	24,173	546,344	323,557	433,153	48,776	613,801
Total Revenues	5,433,595	6,381,023	8,691,783	8,052,605	8,869,169	10,449,794	10,928,746	12,331,270	12,304,639	15,820,667
Expenditures										
Public safety	1,145,875	1,558,794	2,263,152	2,770,171	1,833,954	2,158,121	2,157,623	2,532,277	2,662,837	8,120,829
Fire	--	--	--	--	1,145,958	1,318,659	1,475,376	1,565,570	1,995,931	--
Community services	--	--	--	--	--	--	--	1,722,157	1,662,575	1,888,806
Culture & Recreation	259,159	498,909	759,170	1,070,709	1,043,990	1,048,510	1,079,253	--	--	--
Public works	--	--	--	--	--	--	--	--	--	--
Highways & Streets	953,635	927,986	1,201,901	1,192,125	1,778,434	698,839	1,051,583	1,678,825	1,471,635	1,464,051
Planning and community development	--	--	--	--	--	--	--	--	--	--
Community development	511,156	662,296	651,610	534,481	444,553	394,067	350,040	--	731,568	822,157
Economic development	--	--	--	--	314,892	246,323	206,577	--	--	--
City administration	--	--	--	--	--	--	--	--	--	--
Finance and administrative services	--	--	--	--	--	--	--	--	--	--
General Government	648,081	923,394	1,055,782	1,217,509	1,429,309	1,476,264	2,159,873	--	573,526	1,237,314
Capital Outlay	255,145	226,677	444,194	240,069	173,499	43,033	--	--	895,690	705,898
Debt Service	--	--	--	--	--	--	--	--	--	--
Interest	296,707	1,020,490	1,066,865	765,605	1,582,717	870,298	749,545	580,911	501,107	883,984
Principal	299,076	755,316	900,924	679,744	741,250	776,750	1,415,000	1,437,500	781,750	1,257,650
Paying agent fees	--	--	--	--	--	--	4,038	6,478	15,383	5,064
Bond issuance costs	--	--	--	--	--	--	--	65,363	149,074	728
Total Expenditures	4,368,834	6,573,863	8,343,599	8,470,413	10,488,556	9,030,864	10,644,870	11,314,309	11,461,076	17,571,782
Exce Over (Under) Expenditures	1,064,761	(192,840)	348,184	(417,808)	(1,619,387)	1,418,930	283,876	938,610	843,563	(1,751,115)
Other Financing Sources (Uses)										
Bonds Issued	7,000,000	2,500,000	2,530,000	--	--	--	1,200,000	3,862,400	12,139,950	--
Payments to Escrow Agent	--	--	--	--	--	--	--	(4,025,732)	(4,288,930)	--
Bond premium/discount	--	--	--	--	--	--	107,346	36,272	187,925	--
Capital Lease	--	--	--	--	--	--	--	--	--	--
Sale of capital assets	--	--	--	--	--	--	--	--	91,460	--
Transfers In (Out)	--	--	--	--	--	--	--	309,009	(138,510)	1,515,701
Total Other Financing Sources (uses)	7,000,000	2,500,000	2,530,000	--	--	--	1,307,346	281,949	7,991,895	1,515,701
Net Change in Fund Balances	\$ 8,064,761	\$ 2,307,160	\$ 2,878,184	\$ (417,808)	\$ (1,619,387)	\$ 1,418,930	\$ 1,591,222	\$ 1,298,910	\$ 8,835,458	\$ (235,414)
Debt Service As A Percentage	16.90%	38.80%	33.20%	21.30%	29.10%	22.40%	25.30%	21.90%	12.80%	12.80%
Of Noncapital Expenditures										

(1) 2007 restated.

TABLE D-6

CITY OF CORINTH, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

Fiscal Year	Property Tax	Sales & Use Tax	Franchise Tax	Total
1999	\$ 1,655,431	\$ 532,101	\$ 359,493	\$ 2,547,025
2000	2,046,719	630,910	426,105	3,103,734
2001	2,605,287	1,051,527	507,748	4,164,562
2002	3,077,928	592,638	637,470	4,308,036
2003	3,689,016	855,211	645,301	5,189,528
2004	4,306,483	824,038	832,345	5,962,866
2005	4,762,241	952,897	733,510	6,448,648
2006	6,887,602	1,441,016	1,289,688	9,618,306
2007 (1)	7,291,626	1,539,307	667,199	9,498,132
2008	7,829,553	1,523,963	894,191	10,247,707
Percent Change 1999-2008	373.0%	186.4%	148.7%	302.3%

(1) 2007 restated.

TABLE D-7

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

Fiscal Year	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1999	\$ 355,184,620	\$ 77,595,135	\$ 1,372,990	\$ 431,406,765	0.4885	--	--
2000	500,357,852	113,480,924	1,935,526	611,903,250	0.5260	--	--
2001	650,290,871	131,283,224	3,398,657	778,175,438	0.5260	787,210,926	98.852%
2002	783,264,024	182,889,530	4,840,629	961,312,925	0.5260	966,067,978	99.508%
2003	860,425,894	198,037,277	4,719,761	1,053,743,410	0.5260	1,072,292,044	98.270%
2004	956,475,535	182,760,928	4,293,853	1,134,942,610	0.5498	1,148,698,875	98.802%
2005	1,008,448,363	181,575,304	3,795,317	1,186,228,350	0.5606	1,196,002,733	99.183%
2006	1,042,745,727	184,523,945	12,223,388	1,215,046,284	0.5570	1,225,470,133	99.149%
2007	1,115,822,194	188,527,671	16,943,689	1,287,406,176	0.5570	1,298,836,720	99.120%
2008	1,179,611,184	255,864,073	89,379,447	1,346,095,810	0.5570	1,381,957,152	97.405%

Source: Denton Central Appraisal District. Actual taxable value for fiscal years 1999-2000 is not available.

TABLE D-8

CITY OF CORINTH, TEXAS
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Denton Independent School District	Lake Dallas Independent School District	Corinth Municipal Utility District	Denton County
1999	\$ 0.3627	0.1633	\$ 0.5260	1.8500	1.5700	--	\$ 0.2488
2000	0.3247	0.2013	0.5260	1.7000	1.4620	0.3800	0.2350
2001	0.3290	0.1970	0.5260	1.8440	1.6600	0.3300	0.2319
2002	0.3180	0.2080	0.5260	1.8540	1.6900	0.3100	0.2519
2003	0.3404	0.1856	0.5260	1.8640	1.6900	0.3106	0.2490
2004	0.3676	0.1821	0.5497	1.8640	1.7400	0.3300	0.2472
2005	0.3933	0.1673	0.5606	1.8640	1.7950	0.3210	0.2548
2006	0.4324	0.1246	0.5570	1.8640	1.8600	0.3100	0.2465
2007	0.4274	0.1296	0.5570	1.7640	1.7900	0.3100	0.2319
2008	0.4474	0.1096	0.5570	1.4900	1.5200	0.3100	0.2358

Source: Denton Central Appraisal District

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

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
TXU Electric Delivery Co	\$ 13,703,640	1	1.00%	\$ 4,691,360	2	1.31%
Denton County Electric Coop	13,013,683	2	0.95%	2,419,216		
Labinal-Corinth, Inc.	19,242,036	3	1.40%			
Upsilon Corporation	9,046,104	4	0.66%			
Tower Ridge Corinth I, LTD	8,683,170	5	0.63%	2,835,351		
HD Supply Utilities LTD #3430	7,767,821	6	0.57%			
Kensington Square LP PS	7,698,230	7	0.56%		5	0.63%
Utter Properties, LLC	7,084,112	8	0.52%	1,076,218		
Utter, Bill	6,722,718	9	0.49%			
Kerr Real Estate, Inc.	6,085,000	10	0.44%			
Boeing Defense & Space-Corinth				40,107,307	1	0.76%
Albertson's				6,632,875	3	1.08%
Kensington Est LP P/S				4,389,169	4	0.72%
Standard Pacific of Texas				3,279,750	6	0
CoServ Electric Co-op				3,124,861	7	0
Estates at Lake Bluff LP				2,916,946	8	0
CenturyTel of Lake Dallas, LP				2,722,031	9	0
Sovereign Tex Homes LTD				2,714,699	10	0.44%
Total	\$ 99,046,514		7.22%	\$ 76,909,783		6.91%

Source: Denton Central Appraisal District

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 2,231,215	\$ 2,113,930	94.74%	\$ 115,967	\$ 2,229,897	99.94%
2000	3,166,393	3,039,025	95.98%	125,462	3,164,487	99.94%
2001	4,027,701	3,874,706	96.20%	150,910	4,025,616	99.95%
2002	4,999,407	4,930,784	98.63%	65,135	4,995,919	99.93%
2003	5,436,978	5,038,229	92.67%	393,925	5,432,154	99.91%
2004	6,049,602	5,983,684	98.91%	60,258	6,043,942	99.91%
2005	6,595,499	6,463,636	98.00%	129,236	6,592,872	99.96%
2006	6,770,070	6,706,697	99.06%	55,519	6,762,216	99.88%
2007	7,234,271	7,166,741	99.07%	54,438	7,221,179	99.82%
2008	7,497,484	7,428,184	99.08%	--	7,428,184	99.08%

Sources: Denton Central Appraisal District

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

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Agriculture, Forestry and Fishing	\$ 99,218	\$ 68,431	\$ 225,309	\$ 288,145	\$ 368,182	\$ 1,701,873	\$ 1,575,004	\$ --	\$ --	\$ --
Construction	141,415	138,052	1,025,868	2,330,396	3,852,175	564,614	9,503	2,537,401	6,400,892	4,351,614
Manufacturing	5,530,702	895,101	203,668	289,864	358,527	301,795	754,783	4,962,686	2,591,753	2,772,834
Transportation, Communications and Utilities	3,658,398	28,027,521	42,689,585	50,548,742	76,007,439	82,638,801	98,276,725	78,610,397	85,742,334	103,385,801
Wholesale Trade	295,358	4,224,189	12,418,261	3,271,874	4,037,199	2,612,741	330,578	6,764,242	3,266,001	2,618,569
Retail Trade	18,895,309	22,389,649	24,658,143	27,929,397	29,002,808	29,599,390	31,313,395	22,303,872	23,723,243	23,956,474
Services	8,032,304	9,584,134	9,454,078	8,669,961	8,947,589	10,032,231	8,732,422	2,295,353	4,163,780	4,513,536
All Other Outlets	--	--	--	--	--	5,187	5,414,998	23,255,182	16,502,261	16,479,071
Total	\$ 36,652,704	\$ 65,327,077	\$ 90,674,912	\$ 93,328,379	\$ 122,573,919	\$ 127,456,632	\$ 146,407,408	\$ 140,729,133	\$ 142,390,264	\$ 158,077,899
Direct Sales Tax Rate	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

Source: Office of the Comptroller of the State of Texas

CITY OF CORINTH, TEXAS

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Corinth Direct Rate	Corinth Street Maintenance	Eco/Devo Sec 4(B)	Corinth Crime Control
1999	1.00%	--	--	--
2000	1.00%	--	--	--
2001	1.00%	--	--	--
2002	1.00%	--	--	--
2003	1.00%	--	0.50%	--
2004	1.00%	--	0.50%	--
2005	1.00%	0.25%	0.50%	0.25%
2006	1.00%	0.25%	0.50%	0.25%
2007	1.00%	0.25%	0.50%	0.25%
2008	1.00%	0.25%	0.50%	0.25%

Source: Texas State Comptroller

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

Tax Remitter Category	Fiscal Year 2008				Fiscal Year 1999		
	Number of Filers	Percentage of Total	Tax Received	Percentage of Total	Number of Filers [1]	Tax Received	Percentage of Total
Transportation, Communications and Utilities	24	4.12%	\$ 43,174	65.40%		\$ 53,110	9.98%
Retail Trade	213	36.60%	383,165	15.15%		274,310	51.55%
Other	179	30.76%	322,003	10.42%		--	--
Services	50	8.59%	89,945	2.86%		116,608	21.91%
Construction	22	3.78%	39,576	2.75%		2,053	0.39%
Manufacturing	42	7.22%	75,554	1.75%		80,291	15.09%
Wholesale Trade	50	8.59%	89,945	1.66%		4,288	0.81%
Agriculture, Forestry, and Fishing	2	0.34%	3,598	0.01%		1,440	0.27%
Total	582	100.00%	\$ 1,046,960	100.00%		\$ 532,100	100.00%

Note: Due to Texas state law, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of revenue.

[1] Number of filers in each category is not available for fiscal year 1999.

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

Fiscal Year	General Bonded Debt				Percentage of Actual Taxable Value of Property			Other Gov't Activities Debt		TOTAL PRIMARY GOVERNMENT
	General Obligation Bonds	Certificates of Obligation/Tax Notes	Total Tax Supported Debt	Total Tax Supported Debt	Percentage of Actual Taxable Value of Property	Per Capita	Capital Leases	Per Capita	Percentage of Personal Income	
1999	11,735,250	1,180,000	12,915,250	12,915,250	2.99%	1,252	--	1,252	6.34%	
2000	13,980,750	1,140,000	15,120,750	15,120,750	2.47%	1,216	--	1,216	5.61%	
2001	13,562,000	1,100,000	14,662,000	14,662,000	1.88%	991	--	991	4.41%	
2002	15,049,000	1,500,000	16,549,000	16,549,000	1.72%	952	--	952	4.09%	
2003	14,437,750	1,355,000	15,792,750	15,792,750	1.50%	853	--	853	3.54%	
2004	13,796,000	1,200,000	14,996,000	14,996,000	1.32%	784	--	784	2.93%	
2005	13,121,000	1,640,000	14,761,000	14,761,000	1.24%	737	107,346	107,346	2.48%	
2006	13,257,100	135,000	13,392,400	13,392,400	1.10%	715	87,645	87,645	5.48%	
2007	12,599,150	7,888,699	20,379,150	20,379,150	1.58%	1,048	67,098	67,098	5.12%	
2008	11,791,500	9,154,333	20,945,833	20,945,833	1.56%	1,066	45,667	45,667		
Business-type Activities										
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total Tax Supported Debt	Total Tax Supported Debt	Capital Leases	Total Government	Per Capita	Percentage of Personal Income		
1999	3,643,750	1,175,000	4,818,750	4,818,750	--	17,734,000	1,892	6.34%		
2000	3,503,250	1,040,000	4,543,250	4,543,250	--	19,664,000	1,710	5.61%		
2001	3,393,000	895,000	4,288,000	4,288,000	--	18,950,000	1,384	4.41%		
2002	3,276,000	740,000	4,016,000	4,016,000	--	20,565,000	1,302	4.09%		
2003	3,152,250	5,700,000	3,722,250	3,722,250	--	19,515,000	1,153	3.54%		
2004	3,024,000	385,000	3,409,000	3,409,000	--	18,405,000	1,046	5.95%		
2005	2,889,000	200,000	3,089,000	3,089,000	107,346	18,064,692	1,015	2.93%		
2006	2,782,600	--	2,782,600	2,782,600	87,645	16,350,290	881	2.48%		
2007	2,615,850	15,821,301	18,545,850	18,545,850	67,098	38,925,000	2,001	5.48%		
2008	2,413,500	13,620,667	16,034,167	16,034,167	45,667	37,071,334	1,887	5.12%		

(1) 2007 restated.

CITY OF CORINTH, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Unaudited)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
1999	\$ 11,735,250	2.72%	\$ 1,252
2000	13,980,750	2.28%	1,216
2001	13,562,000	1.74%	991
2002	15,049,000	1.57%	952
2003	14,437,750	1.37%	853
2004	13,796,000	1.32%	784
2005	13,121,000	1.24%	737
2006	13,257,400	1.09%	715
2007	12,599,150	1.58%	1,048
2008	11,791,500	1.42%	973

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Corinth Municipal Utility District #1	\$ 425,000	100.000%	\$ 425,000
Denton County	389,891,003	2.690%	10,488,068
Denton Independent School District	640,824,535	7.290%	46,716,109
Lake Dallas Independent School District	105,815,901	47.250%	49,998,013
Other Debt			
Denton County capital leases	2,136,690	3.120%	66,665
Denton ISD capital leases	376,803	4.090%	15,411
Lake Dallas ISD capital leases	--	41.270%	--
Subtotal, Overlapping Debt			107,709,266
City Direct Debt			36,980,000
Total Direct and Overlapping Debt			<u>\$ 144,689,266</u>

Source: First Southwest Financial Services

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

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 36,251,978	\$ 43,140,677	\$ 61,190,325	\$ 77,817,544	\$ 96,131,293	\$ 105,374,341	\$ 113,494,261	\$ 118,622,835	\$ 121,504,628	\$ 134,609,581
Total Net Debt Applicable to Limit	11,184,000	17,734,000	19,664,000	21,480,000	20,565,000	19,777,300	18,405,000	17,245,000	38,925,000	36,980,000
Legal Debt Margin	\$ 25,067,978	\$ 25,406,677	\$ 41,526,325	\$ 56,337,544	\$ 75,566,293	\$ 85,597,041	\$ 95,089,261	\$ 101,377,835	\$ 105,329,628	\$ 89,815,618
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	41.11%	32.14%	27.60%	21.39%	18.77%	16.22%	14.54%	13.31%	30.24%	26.63%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,346,095,810
Debt Limit (10% of Assessed Value)	134,609,581
Debt Applicable to Limit:	
General Obligation Bonds	36,980,000
Less: Amount Set Aside for Repayment of General Obligation Debt	1,130,120
Net Debt Applicable to Limit	\$ 35,849,880
Legal Debt Margin	\$ 98,759,701

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Population [1]	9,374	11,500	13,688	15,800	16,919	17,592	17,800	18,550	19,450	19,650
Median Household Income [2]	\$ 75,797	\$ 78,345	\$ 80,574	\$ 81,484	\$ 83,714	\$ 85,943	\$ 88,855	\$ 91,266	\$ 93,776	\$ 94,714
Per Capita Personal Income [3]	\$ 29,833	\$ 30,492	\$ 31,360	\$ 31,855	\$ 32,581	\$ 33,449	\$ 34,582	\$ 35,521	\$ 36,498	\$ 36,863
Total Personal Income [4]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Median Age [5]	--	31	31	31	31	31	31	31	31	32
Education Level [6]										
<i>High school graduate (or equivalent)</i>	--	17%	17%	17%	17%	17%	17%	17%	17%	17%
<i>Some college/associate's degree</i>	--	40%	40%	40%	40%	40%	40%	40%	40%	40%
<i>Bachelor's degree</i>	--	28%	28%	28%	28%	28%	28%	28%	28%	28%
<i>Master's, professional or doctorate</i>	--	11%	11%	11%	11%	11%	11%	11%	11%	11%
School Enrollment [7]	2,448	3,003	3,574	4,126	4,418	4,594	4,648	4,844	5,092	5,144
Unemployment [8]	1.9%	2.0%	3.0%	4.7%	5.0%	4.1%	4.2%	3.8%	4.0%	4.8%

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

[2] Median household income is an estimate based on the 2000 Census data using the Dallas/Fort Worth area Consumer Price Index for each year.

[3] PerCapita personal income is an estimate based on the 2000 Census data using the Dallas/Fort Worth area Consumer Price Index for each year.

[4] Total personal income for the City of Corinth is unavailable.

[5] Median age per the 2000 U.S. Census, updated in 2008, www.city-data.com.

[6] Education level per the 2000 U.S. Census.

[7] School enrollment is an estimate based on the 2000 Census and the population growth for each year.

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

Other Source: City of Corinth of Economic Development

CITY OF CORINTH, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer	2008			1999 [1]		
	Employees	Rank	Percentage of Total City Employment [2]	Employees	Rank	Percentage of Total City Employment
Labinal	600	1	7.50%	--	--	--
CoServ	300	2	3.75%	--	--	--
North Central Texas College	200	3	2.50%	--	--	--
City of Corinth	165	4	2.06%	--	--	--
Albertson's	115	5	1.43%	--	--	--
Bill Utter Ford	110	6	1.37%	--	--	--
Grande Communications	100	7	1.25%	--	--	--
Harley Davidson	50	8	0.62%	--	--	--
Total	1,640		20.48%	--		--

Source: City Economic Development Division

[1] 1999 Employer data is unavailable.

CITY OF CORINTH, TEXAS
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program [1]	Full-Time-Equivalent Employees as of Year End									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
City Administration										
City Management	4.0	5.0	5.0	5.0	4.0	3.0	3.0	3.0	3.0	3.0
Legal	--	--	--	--	--	--	--	--	1.0	1.0
Public Safety										
Police	17.0	20.0	22.0	22.0	25.0	25.0	26.0	29.0	31.0	31.0
Animal Control	--	--	--	--	1.0	1.0	1.5	1.5	1.5	1.5
Lake Cities Fire Department [2]	--	--	--	--	39.0	39.0	36.0	38.0	40.0	41.0
Public Works										
Streets	9.4	11.4	12.9	12.9	12.4	5.4	7.4	7.4	7.0	7.0
Fleet Maintenance	--	--	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Community Development [3]	9.0	13.0	12.0	12.0	9.0	8.0	8.0	5.0		
Planning	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	5.0
Code Enforcement & Permitting	--	--	--	--	--	--	3.0	3.0	6.0	6.0
Community Services	7.0	11.0	13.5	14.0	16.0	18.0	17.0	17.0		
Municipal Court	2.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Parks & Recreation									18.3	18.3
Finance & Admin. Services										
Finance [4]	3.5	7.0	7.0	7.0	6.0	7.0	8.0	5.0	6.0	7.0
Human Resources	--	--	--	--	--	--	--	2.0	2.0	3.0
Information Services	--	--	--	--	--	--	--	1.0	2.0	2.0
Water/Wastewater Fund										
Water/Wastewater	18.6	20.6	23.1	23.1	26.6	26.6	26.6	23.6	23.0	23.0
Utility Billing	--	--	--	--	--	--	--	3.0	3.0	3.0
Storm Drainage Fund										
Corinth Economic Development Corp.	--	--	--	--	--	--	3.0	3.0	3.0	3.0
Crime Control District Fund	--	--	--	--	--	--	--	2.0	1.0	1.0
	--	--	--	--	--	--	--	--	--	3.0
Total	71.5	93.0	102.5	103.0	146.0	140.0	146.5	151.5	157.8	164.8

Source: Finance and Administrative Services Department

[1] For improved understanding, the City is reporting the full-time equivalent employees by department (i.e. "Public Works") then division (i.e. "Streets"). The legal level of budgetary control for the City is at the department level; the change in statistical reporting therefore gives a clearer picture of FTEs as they relate to the budget.
 [2] The Lake Cities Fire Department became a wholly integrated department of the City of Corinth on January 18, 2008.
 [3] Code Enforcement division was combined with Community Development from 1999 through 2004.
 [4] In fiscal year 2006, the Human Resources and Information Services divisions were reported separately from the Finance division.

TABLE D-21

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Building Permits Issued	788	596	507	387	345	264	217	123	96	3
Building Inspections Conducted	1,365	1,070	1,334	1,495	1,437	1,152	725	382	3,325	1,870
Police										
Physical Arrests	626	700	586	431	535	528	713	836	572	565
Parking Violations	68	70	164	75	91	117	105	38	51	22
Traffic Violations	4,455	5,236	4,391	4,958	5,379	6,471	4,940	8,711	7,102	6,756
Fire [1]										
Emergency Responses	554	640	758	708	718	810	921	930	1,089	2,235
Fires Extinguished	--	--	33	23	21	18	33	29	42	33
Inspections	--	--	--	--	--	--	--	137	349	330
Other Public Works [2]										
Street Resurfacing (miles)	--	--	--	--	1	1	<1	<1	1	<1
Potholes Repaired	--	--	--	1,076	1,843	1,265	1,040	461	6,080	1,275
Parks and Recreation										
Classes offered (hours) [3]	--	--	--	--	--	669	816	565	526	1,935
Participants	--	--	--	--	--	4,419	4,883	4,150	3,758	7,501
Special events hours [3]	--	--	--	--	--	123	111	124	117	698
Participants	--	--	--	--	--	18,255	15,639	21,284	22,000	18,187
Athletic League Participants/Attendees	--	--	--	--	--	--	--	--	24,880	82,890
Recreation center general use (hours) [4]	--	--	--	--	--	4,052	8,735	12,453	15,768	10,072
Water										
New Connections	738	640	177	478	382	234	202	131	98	12
Water Main Breaks	--	--	--	--	31	41	37	47	5	11
Average Daily Consumption (millions of gallons)	1.62	2.14	2.09	2.44	2.79	2.52	3.00	3.55	2.45	2.66
Peak Daily Consumption (millions of gallons)	4.68	6.01	5.81	5.73	8.10	7.15	7.04	7.35	5.59	7.00
Wastewater										
New Connections	755	480	517	334	320	310	197	45	151	14
Average Daily Sewage Treatment (millions of gallons)	0.48	0.49	0.59	0.53	0.52	0.66	0.72	0.67	1.05	1.01
Upper Trinity Regional Water District [5]	0.72	0.74	0.88	0.79	0.78	0.99	1.45	1.25	0.70	0.92
City of Denton [5], [6]										

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

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	17	13	12	13	13	18	23	29	18
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	63	72	76	76	78	90	95	100	108	110
Highways (miles)	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Traffic Signals	--	--	--	--	--	--	--	1	2	2
Parks and Recreation										
Acreage	156	166	166	182	182	182	182	182	184	184
Playgrounds	3	4	6	8	8	9	10	10	11	11
Baseball/Soccer Fields	--	--	5	5	7	7	7	7	7	8
Soccer/Football Fields	--	--	3	3	6	6	6	6	6	6
Recreation Centers	--	--	1	2	2	2	2	2	2	2
Trails (miles)	--	--	--	--	--	--	11.66	11.66	12.74	12.74
Water										
Connections	4,330	4,970	5,147	5,625	6,007	6,241	6,443	6,574	6,672	6,671
Water Mains (miles)	--	--	--	--	--	102	103	105	103	103
Fire Hydrants	582	646	668	680	693	695	728	750	732	732
Storage Capacity (millions of gallons)	3.0	3.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Subscribed Capacity, UTRWD (mgd)	5.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Wastewater										
Connections	4,064	4,544	5,061	5,395	5,715	6,025	6,222	6,267	6,418	6,413
Sanitary Sewers (miles)	--	--	72.1	82.0	87.0	94.0	94.0	95.2	93.7	93.7
Storm Sewers (miles)	11.79	13.59	14.08	19.08	21.08	23.06	26.04	30.04	31.00	31.00
Treatment Capacity, UTRWD (mgd) [1]	--	--	1.61	1.61	1.61	1.61	1.61	1.61	1.61	4.82
Treatment Capacity, City of Denton (mgd) [1]	--	--	--	--	--	--	--	--	--	--

Sources: Various city departments

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

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