



# *CITY OF CORINTH TEXAS*

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended  
September 30, 2014

# City of Corinth

## Elected Officials



**PAUL RUGGIERE**  
*Mayor*



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



**RANDY GIBBONS**  
*Council Place I*



**BILL HEIDEMANN**  
*Council Place II*



**LOWELL JOHNSON**  
*Council Place III*



**MIKE AMASON**  
*Council Place V*

### ***Mission Statement***

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

# CITY OF CORINTH, TX

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended September 30, 2014



Rick Chaffin  
City Manager

Department of  
Finance & Administrative Services

Lee Ann Bunselmeyer  
Director of Finance & Administrative Services

Caryn Riggs  
Assistant Director of Finance

Chris Rodriguez  
Financial Services Manager

**CITY OF CORINTH, TEXAS**  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

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## **INTRODUCTORY SECTION**

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3300 Corinth Parkway · Corinth, TX · 940.498.3200

February 11, 2015

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, 2014. The purpose of this report is to provide the council, staff, the citizens of Corinth and other interested parties with detailed information reflecting the City's financial condition.

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

The CAFR is organized into three sections: *Introductory*, *Financial* and *Statistical*. The *Introductory* section includes this transmittal letter, the City's organization chart, and a list of principal officials. The *Financial* section includes the auditors' report, Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information, combining and individual fund financial statements and other supplemental information. The *Statistical* section includes selected financial and demographic information, generally presented on a multi-year basis. The information is presented in table format to assist the reader with a comparative analysis.

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

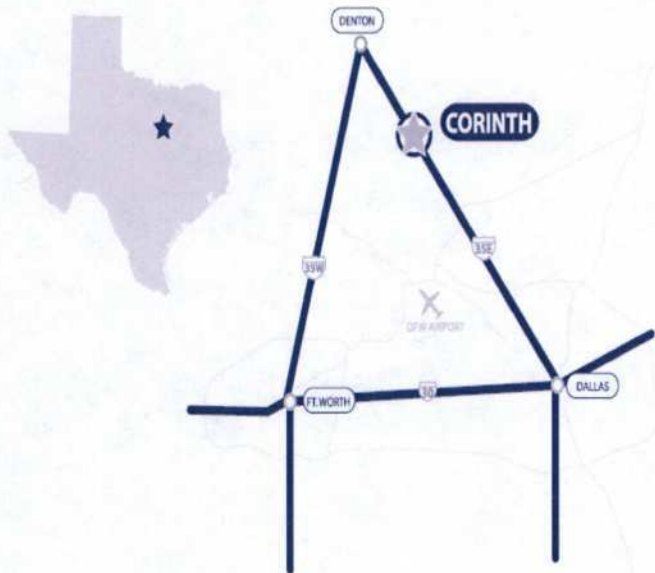


## INDEPENDENT AUDIT

The City of Corinth's financial statements have been audited by Rutledge Crain & Company, PC, a firm of licensed certified public accountants. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City of Corinth, for the fiscal year ended September 30, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component in the financial section of this annual report.

## PROFILE OF THE GOVERNMENT

The City of Corinth, which incorporated September 19, 1960, is located in the north central portion of Texas. This area of the state has proven to be one of the top growth areas in Texas and the United States. The City currently occupies a land area of 7.8 square miles and serves a growing population of 19,961. The City is empowered to levy a property tax on real property and certain personal property located within its boundaries. Corinth is also empowered, by state statute, to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the governing council of the City.



Corinth has operated under the council-manager form of government since May 6, 1999. This has become a popular form of government throughout the State of Texas. Policy-making and legislative authority are vested in the City Council consisting of the mayor and five other members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing boards and committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the government, and for appointing the heads of the various City departments. The City Council is elected on a non-partisan, at-large basis. Council members serve two-year staggered terms, with three members elected on one of the two-year rotations, and the Mayor and two remaining members elected on the other two-year rotation.

The City of Corinth provides a full range of municipal services including general government, public safety (police, fire, and animal control), streets, parks and recreation, planning and zoning, code enforcement, and water/wastewater and drainage utilities. Water/wastewater and drainage services are provided through the public works department, which functions, in essence, as a department of the City and therefore has been included as an integral part of the City's financial statements.

## LOCAL ECONOMY

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

The City of Corinth, as well as the State of Texas, experienced a continued weakening economy in 2014. The overall Texas economy is still considered healthier than most of the country. Figures from the Texas Workforce Commission indicate a local unemployment rate (Denton County) of 4.5 percent. For the same period the



Dallas County's unemployment rate was 5.2 percent, the overall state of Texas rate was 5.1 percent and the nation as a whole was 5.8 percent.

Corinth continues to rely heavily on property tax to support its continuing operations, with the City being approximately 85 percent residential. Certified property values increased for the 2014 tax year by \$109 million, a 7.64 percent increase over the 2013 certified value.

Sales Tax Revenue, the second largest revenue source for the City's General Fund, increased by 4.9% over the prior year's receipts in FY 2013-14. For fiscal year 2014-15, sales tax revenue is projected to hold firm at \$1.1 million. Primarily a residential community, Corinth relies heavily on sales tax from taxes paid on utilities. All sales tax collections are as reported by the Texas Comptroller of Public Account. The City is continuing to work to increase its sales tax base with the Corinth Economic Development Corporation which receives the proceeds from a ½ cent sales tax enacted in 2003. Corinth is currently focused on encouraging commercial development and providing the infrastructure required to support it. Corinth continues to draw more interest in from apartment, restaurant and commercial developers as the DFW area and Texas economy continues to grow.

### **MAJOR INITIATIVES**

Because of the hard work, tough decisions, and structural reductions made by city officials and staff in previous years to deal with budget shortfalls, the city was able to propose a balanced budget that maintained the City's fiscal integrity, addressed Council priorities, and maintained service levels.

Vehicle replacement, adequate funding for vehicle maintenance, and park improvements were the major initiatives for the City. In FY 2013-14, the City replaced two admin police vehicle and three patrol vehicles, as well as, transferred \$61,500 to the General Capital Project Fund for the Community Park project.

The City retained Ray Associates, Inc to conduct a compensation and classification study. The study determined that adjustments to the General Employee, Police and Fire pay plans were needed to be able to compete at the level determined by Council. The FY 2013-14 budget included funding increases to the general pay plan of \$11,999, police pay plan of \$101,346, Crime Control & Prevention District pay plan of \$20,414, and fire pay plan of \$64,316 to implement the compensation and classification study.

The Utility Fund includes the third year of utility rate study that was adopted by the City Council in April 2011, as well as, the funding for the sanitary sewer rehab in Corinth Shores.

### **LONG TERM FINANCIAL PLAN**

The FY 2013-14 budget was developed in context of long-term financial plans. The plans anticipate funding needs and available revenues and forecast methods for matching future revenue and expenses. Plans have been developed for all the City's major operating funds. Each plan presents the fund over seven fiscal years: two previous years, the adopted "base year" budget and four projected years. There are several benefits to these plans. First, the plans give future Councils a valuable perspective when considering budgets within each plan's five-year horizon. Second, the plans impart a measure of discipline on staff. The General fund long-term plan assumes that for fiscal years 2014-2018 the City's property tax, sales tax, and all other revenues during the planning horizon will remain constant with conservative growth from 0% - 3%.

The City of Corinth continues its focus on maintaining or increasing reserve balances for emergencies to provide stability and flexibility for the organization. The reserve requirement was established at a level of 20% of budgeted expenditures for the General Fund and 25% of budgeted expenditures for the Utility Fund. The unassigned fund balance is \$3,587,627, or 24% of annual budgeted expenditures for the General Fund and the unrestricted net assets of \$5,516,099 or 42% for the Water and Sewer Fund for the fiscal year ended September 30, 2014.

As a result of the recent national economic recession, bond rating agencies have increased their scrutiny on the financial stability of local governments. In July 2014, Standard & Poor's Rating Services raised the city's rating to AA, on general obligation debt. The rating agency attributed their opinion on the City's "very strong budgetary flexibility and liquidity".



## **BUDGETARY CONTROLS**

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

## **CASH MANAGEMENT POLICIES AND PRACTICES**

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

Annually, the City reviews and updates the investment policy. The purpose of the investment policy is to set forth specific investment policy and strategy guidelines for the City in order to safeguard assets with a minimal amount of risk, while maintaining the necessary level of liquidity and maximizing the yield on investments. Accordingly, all of the City's deposits are either insured by the Federal Deposit Insurance Corporation or are collateralized by governmental securities. The maturities of the investments range from 30 days to 36 months, with an average maturity of approximately 234 days. On September 30, 2014, the annualized yield on investments was .40 percent, compared to .47 percent for the same period in 2013. Funds available for investment at September 30, 2014 were \$15.4 million, which is a decrease of \$1.4 million from 2013. The decrease in portfolio balance is due to the expenditure of funds for the Tower Ridge Project, the Public Safety communications upgrade, I-35 aesthetics and entryway, and the budgeted use of fund balance for the Debt Service Fund.

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

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

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Corinth for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. This was the fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2013. In order to qualify for the Distinguished Budget Presentation Award,



the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The City's Finance Department was recognized as a Platinum Medal recipient of the 2014 Texas Leadership Circle Award presented by the Texas Comptroller. For the previous three consecutive years, the City's Finance Department was a Gold Medal recipient. The Comptroller Leadership Circle encourages and applauds local governments across Texas that are striving to meet a high standard for financial transparency online by opening their books to the public, providing clear, consistent pictures of spending and sharing information in a user-friendly format. The City of Corinth received the Gold Medal which highlights those entities that are setting the bar with their transparency efforts.

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

Respectfully Submitted,

Signature Redacted

Rick Chaffin  
City Manager

Signature Redacted

Lée Ann Bunselmeyer  
Director of Finance



Government Finance Officers Association

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

Presented to

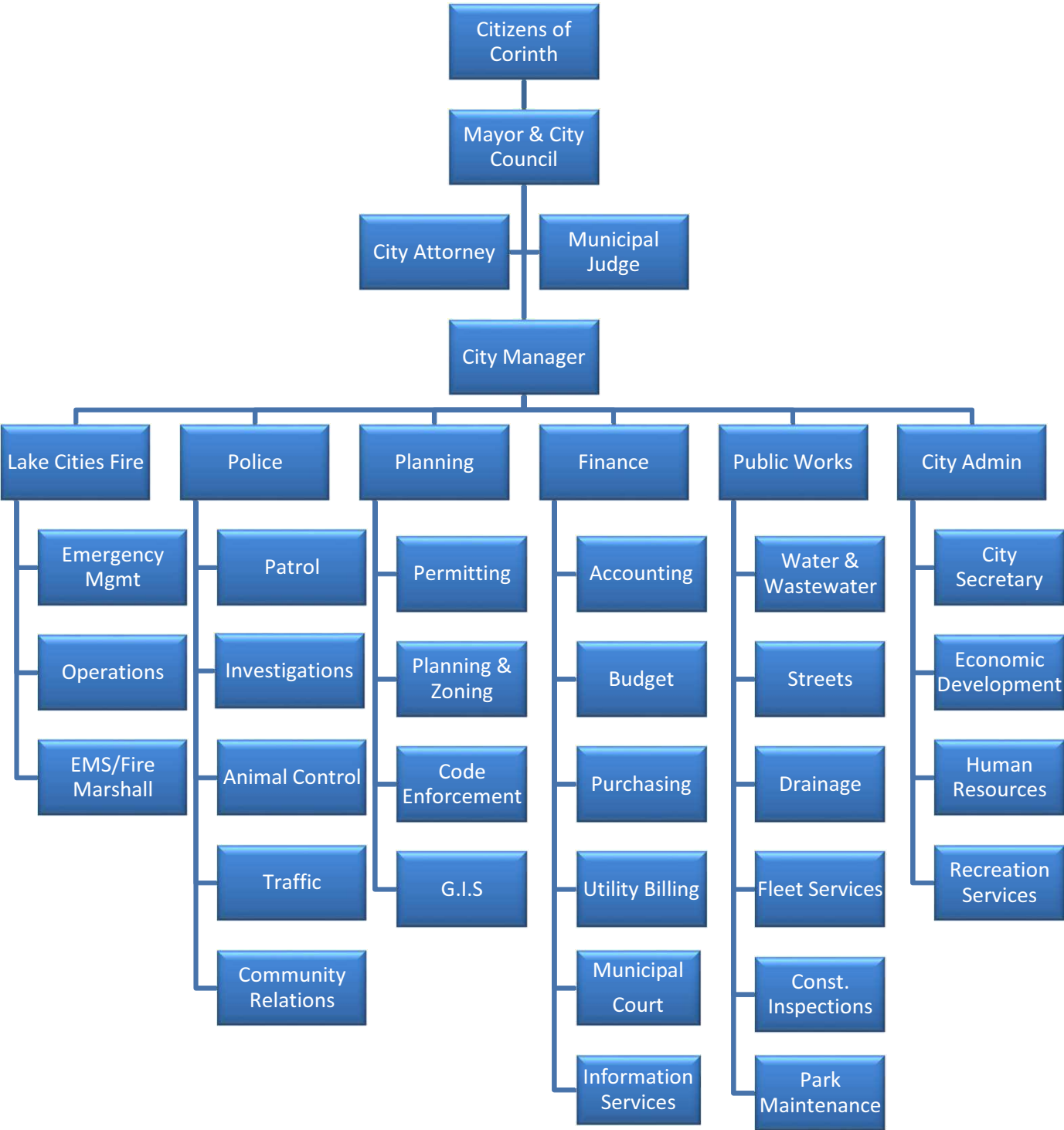
**City of Corinth  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

# ORGANIZATIONAL CHART



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

**Elected Officials:**

Paul Ruggiere  
Mayor

Randy Gibbons  
Council Place I

Bill Heidemann  
Council Place II

Lowell Johnson  
Council Place III

Joe Harrison  
Mayor Pro Tem, Council Place IV

Mike Amason  
Council Place V

**Appointed Officials:**

Rick Chaffin  
City Manager

Lee Ann Bunselmeyer  
Director of Finance and  
Administrative Services

Justin Brown  
Director of Public Works  
and Parks Maintenance

Fred Gibbs  
Director of Planning and  
Community Development

Debra Walthall  
Chief of Police

Curtis Birt  
Fire Chief



## **FINANCIAL SECTION**

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**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 the City of Corinth, Texas (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Corinth, Texas, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 – 20 and 52 – 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,

which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corinth, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Rutledge Green & Company, PC". The signature is written in dark ink and is positioned above the date.

February 11, 2015

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

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, 2014. The Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the City's financial activity, to identify changes in the City's financial position and to identify any material deviations from the financial plan. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is included in this report.

**FINANCIAL HIGHLIGHTS**

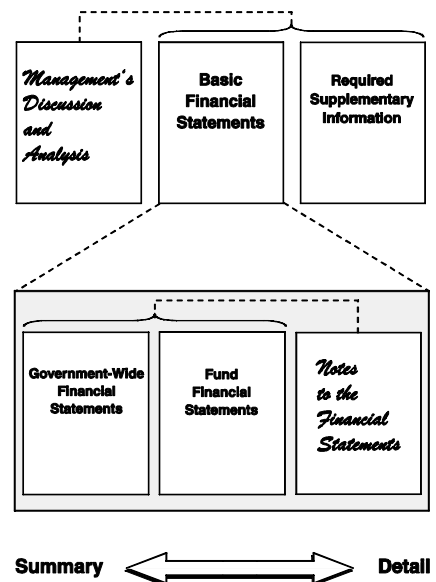
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$73,394,294.
- The government's total net position, decreased \$2,002,837 from the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,441,539 a decrease of \$765,876 in comparison with the prior year. Of the combined ending balances, \$3,008,009 or 36% is available for spending within the City's guidelines (*unassigned fund balance*).
- The City's unassigned fund balance for the general fund was \$3,587,445, or 24 percent of total general fund expenditures.
- The City's long term liabilities of \$27,082,354 decreased \$1,754,623 during fiscal year 2014. The decrease reflects the principal portion of debt payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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



**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues

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

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

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

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

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

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

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

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

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

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

The basic governmental fund financial statements can be found on pages 26 – 29 of this report.

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 33 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$73,394,294 at the close of the most recent fiscal year.

By far the largest portion of the City of Corinth's net position (\$58,543,154 or 80%) reflects its investment in capital assets (i.e., land, buildings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Corinth uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Corinth's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (\$4,078,719 or 6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$10,772,421 or 15%) may be used to meet the City's ongoing obligations to citizens and creditors. The City currently has \$15,562,856 available in cash and investments that may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year the City of Corinth is able to report positive balances in the government-wide as a whole and the business-type activities.



**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Current and Other Assets	\$ 12,446,259	\$ 12,686,748	\$ 8,817,217	\$ 10,485,768	\$ 21,263,476	\$ 23,172,516
Capital assets	51,118,431	52,902,431	32,049,515	31,923,016	83,167,946	84,825,447
Total assets	63,564,690	65,589,179	40,866,732	42,408,784	104,431,422	107,997,963
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred bond insurance costs	17,042	18,759	26,791	29,198	43,833	47,957
Deferred loss from refunding	42,049	52,278	28,772	34,233	70,821	86,511
Total Deferred Outflows of Resources	59,091	71,037	55,563	63,431	114,654	134,468
<b>LIABILITIES</b>						
Long-term liabilities outstanding	15,600,093	16,586,092	11,482,261	12,250,885	27,082,354	28,836,977
Other liabilities	1,740,792	1,544,258	1,637,477	1,662,906	3,378,269	3,207,164
Total liabilities	17,340,885	18,130,350	13,119,738	13,913,791	30,460,623	32,044,141
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned revenues	691,159	691,159	-	-	691,159	691,159
Total Deferred Inflows of Resources	691,159	691,159	-	-	691,159	691,159
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	36,991,003	37,401,599	21,552,151	21,661,416	58,543,154	59,063,015
Restricted	4,078,719	3,776,495	-	-	4,078,719	3,776,495
Unrestricted	4,522,015	5,660,613	6,250,406	6,897,008	10,772,421	12,557,621
Total Net Position	\$ 45,591,737	\$ 46,838,707	\$ 27,802,557	\$ 28,558,424	\$ 73,394,294	\$ 75,397,131

**Government-wide activities.** As shown above, governmental activities decreased net position by \$1,246,970 and business-type activities decreased net position by \$755,877. A detailed examination of all the elements effecting net position can be found in Table II.

TABLE II

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 4,668,189	\$ 3,998,142	\$ 11,328,640	\$ 12,250,042	\$ 15,996,829	\$ 16,248,184
Operating grants and contributions	284,954	144,879	-	-	284,954	144,879
Capital grants and contributions	-	551,016	176,068	192,927	176,068	743,943
General revenues						
Property taxes	8,674,195	8,501,824	-	-	8,674,195	8,501,824
Sales taxes	1,822,924	1,728,567	-	-	1,822,924	1,728,567
Franchise taxes	1,039,646	967,846	-	-	1,039,646	967,846
Miscellaneous	13,925	46,677	10,216	5,145	24,141	51,822
Investment interest	53,968	49,427	29,280	42,290	83,248	91,717
Total Revenues	16,557,801	15,988,378	11,544,204	12,490,404	28,102,005	28,478,782
<b>Expenses:</b>						
Public safety	8,558,062	8,188,441	-	-	8,558,062	8,188,441
Community services	1,735,618	1,740,402	-	-	1,735,618	1,740,402
Public works	4,655,417	4,726,964	-	-	4,655,417	4,726,964
Planning and community development	715,554	731,234	-	-	715,554	731,234
City administration	1,854,669	1,631,852	-	-	1,854,669	1,631,852
Finance and administrative services	665,351	662,238	-	-	665,351	662,238
Interest on long-term debt	702,883	743,848	-	-	702,883	743,848
Water and wastewater	-	-	10,645,670	10,429,711	10,645,670	10,429,711
Drainage	-	-	571,624	515,487	571,624	515,487
Total Expenses	18,887,554	18,424,979	11,217,294	10,945,198	30,104,848	29,370,177
Increase (decrease) in net assets before transfers, contributions and special items	(2,329,753)	(2,436,601)	326,910	1,545,206	(2,002,843)	(891,395)
Special Item inflow/(Outflow)	-	-	-	-	-	-
Net transfers	1,082,783	986,679	(1,082,783)	(986,679)	-	-
Increase (decrease) in net assets	(1,246,970)	(1,449,922)	(755,873)	558,527	(2,002,843)	(891,395)
Net position - beginning	46,838,707	48,288,629	28,558,430	27,999,903	75,397,137	76,288,532
Net position - ending	\$ 45,591,737	\$ 46,838,707	\$ 27,802,557	\$ 28,558,430	\$ 73,394,294	\$ 75,397,137

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**City of Corinth's Changes in Fund Balance.** The City's governmental funds decreased fund balance by \$765,876. The decrease can be attributed to the use of funds in the Parks Development Fund, 2007 CO Streets fund, the 2007 CO Tech fund, and the 2010 CO Fire Fund for Capital Improvement Projects. Net position, as part of the government-wide reports, is reported on a full-accrual basis. The reconciliation between the overall decrease to governmental fund balances and the \$1,246,970 net decrease to governmental activities net position illustrates the differences in reporting between the modified accrual basis used in the funds and full-accrual used at the government-wide level.

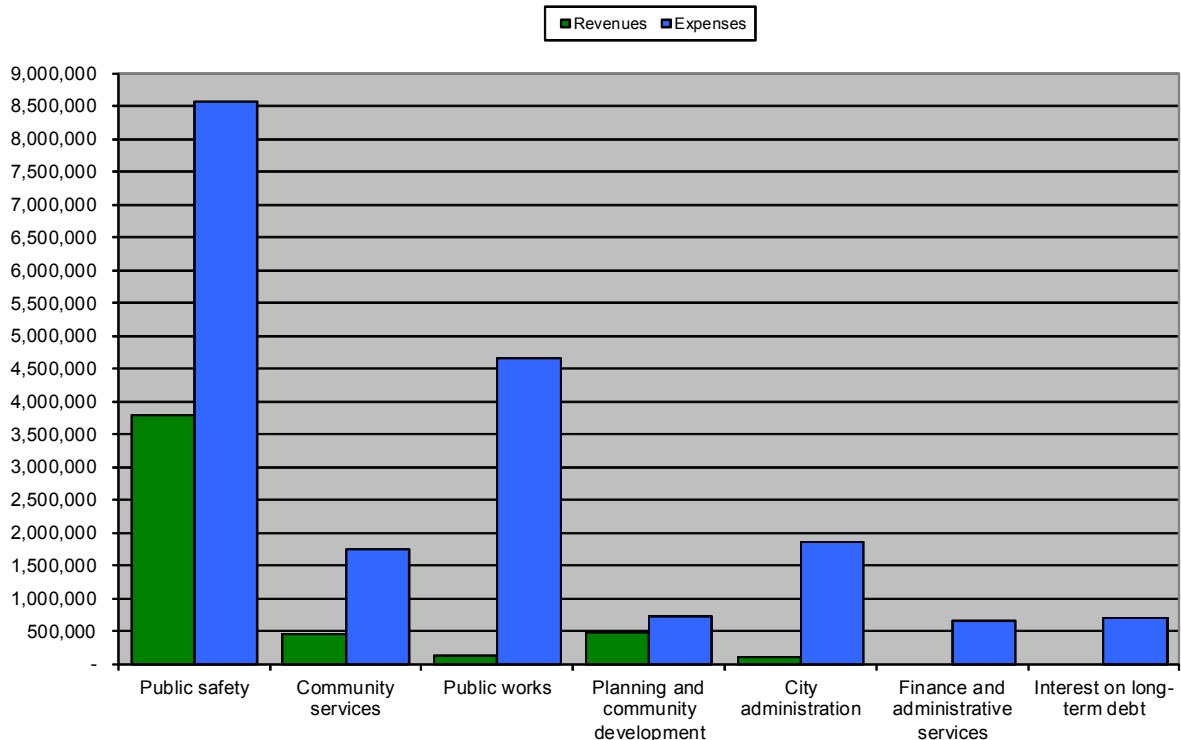
The following are the most significant factors in the reconciliation:

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

Exhibit A-6 on page 29 provides a detailed reconciliation between the statement of activities and the statement of revenues, expenditures and changes in fund balances of governmental funds.

**Governmental Activities.** Public safety, community services, public works, and planning and community development account for 83% of the expenses for the governmental activities. City administration, finance and administrative services and interest on long-term debt account for the remaining 17% of total expenses. These expenses were funded by revenues collected from a variety of sources. Property taxes produced \$8,674,195 or 52%, Charges for services accounted for \$4,668,189 or 28%, sales taxes was \$1,822,924 or 11%, franchise taxes provided \$1,039,646 or 6%, and capital grants and contributions provided \$284,954 or 2% of the revenues for the governmental activities. The remaining 1% of revenue is made up of investment interest and other miscellaneous revenue. Figure 2 provides a graphic representation of the City's expenses and any directly related revenues by source.

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

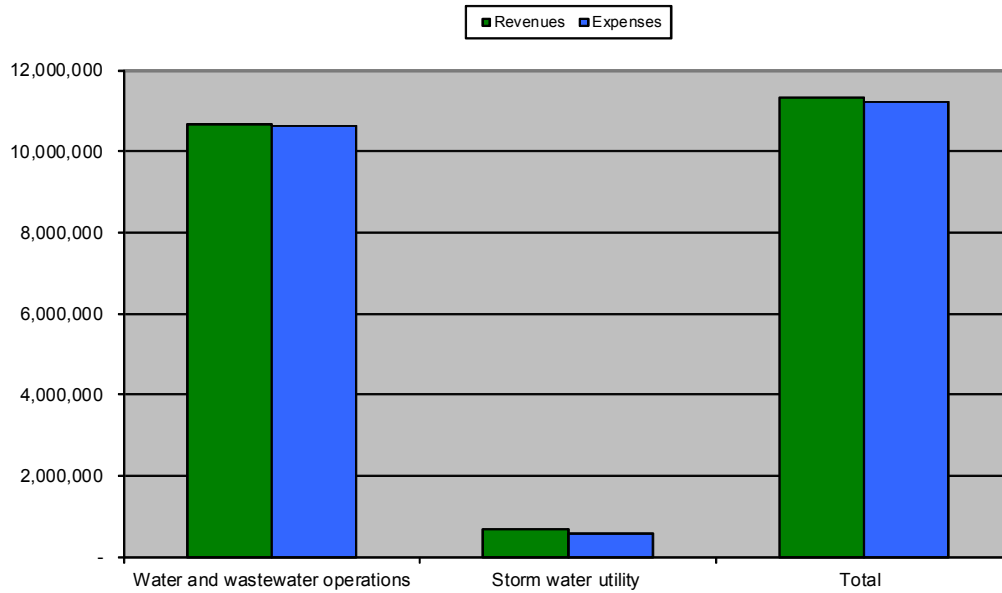


**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Business-type Activities.** Business-type activities decreased the City's net position by \$755,873. A key element of this decrease is charges for services, emerging as a major revenue source for the Water and Wastewater fund producing \$10,648,512 and Storm water utility producing \$680,128 in revenue. Charges for services account for 98% of the revenue. Contributions of assets arising from new property development within the City, totaled \$176,068 in revenue. The remaining 2% of revenue is made up of investment interest and other miscellaneous revenue.

Total revenue from water and wastewater sales and services was \$10,648,512; associated costs of water, wastewater treatment, and operations and maintenance accounted for \$10,645,670 of the total business-type expenses of \$11,217,294. The remaining \$571,624 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$680,128 in revenue. The following chart (Figure 3) provides a graphic representation of the City's business-type expenses and any directly related revenues by source.

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



**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 \$8,441,539, a decrease of \$765,876 in comparison with the prior year. The net decrease in combined ending fund balance is due to the following: a net decrease in the general fund balance of \$352,025, a net decrease in the debt service fund of \$407,626 and a net increase of \$6,225 in other governmental funds.

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

Of the combined total governmental fund balances of \$8,441,539, \$3,587,445 (42 percent) reflects the general fund *unassigned* fund balance which is available for spending at the government's discretion. The fund balance that is designated as *restricted* is not available for new spending due to debt service, \$328,036, restrictions and constructions contracts, \$815,572. The fund balance that is designated as *committed*, \$4,067,270 represents those amounts committed to liquidate contracts or encumbrances. The fund balance amount designated as *nonspendable* is for prepaid items, \$946, and inventories, \$221,706.

*General Fund.* The general fund is the chief operating fund of the City of Corinth. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$3,587,445 while total fund balance reached \$3,810,097. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures for the fiscal year. Unassigned fund balance represents 25 percent of total general fund expenditures, while total fund balance represents 26 percent of that same amount.

This year, in the general fund, revenues were more than expected by a total of \$433,747. Property Tax and Miscellaneous Income were less than budget by \$29,189, and \$29,159, respectively. Sales Tax, Fire Services, and Charges for Services were above budget by \$83,356, \$135,914, and \$5,305, respectively. The City budgeted for no growth in fiscal year 2014. While revenues were over budget by \$433,747, expenditures were under budget by \$354,492. The net effect, at year end was an excess of \$788,239 of revenues over expenditures in the general fund.

*Debt Service Fund.* As part of the budgetary process, the government enacts a dedicated property tax for debt service each fiscal year. The debt service fund has a total fund balance of \$328,036, all of which is restricted for the payment of debt service.

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

- The Corinth Crime Control and Prevention District is a special sales tax of \$.0025 levied for crime control and prevention within the City. Sales tax collections were \$23,831 more than budgeted, interest earnings were more than budgeted by \$93 and expenditures were \$21,502 less than budgeted. Due to the positive variances in revenues and expenditures, actual fund balance increased \$18,650.
- The Street Maintenance Sales Tax fund accounts for the collection of a special sales tax of \$.0025. Sales tax collections were more than budgeted by \$19,790, interest earnings were more than budgeted by \$594 and budgeted expenditures were less than budget by \$66,161, which, combined with transfers of \$937,000) decreased actual fund balance by \$741,160.

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

Water and wastewater fund assets of \$36,129,998 and deferred outflows of resources of \$52,642 exceeded liabilities of \$11,155,948, reporting net position of \$25,026,692. The net non-operating revenues and expenses were (\$420,796) 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 \$457,826 of interest expense. Unrestricted net position for the water and wastewater fund decreased from \$5,703,678 in fiscal year 2013 to \$5,516,099 for fiscal year 2014.

Storm water utility fund assets of \$4,736,734 and deferred outflows of \$2,921 exceeded liabilities of \$1,963,790, leaving total net position of \$2,775,865. Total net position decreased \$229,750, unrestricted net position decreased from \$1,193,330 to \$734,308. The storm water utility reported operating income of \$201,649 in fiscal year 2014. Net non-operating revenues and expenses were (\$90,674) which includes \$2,424 in interest income.

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

For fiscal year 2013-14, General Fund actual expenditures (including transfers) were \$14,383,299 compared to the final budget of \$14,662,792. The \$279,493 variance was primarily due to reduced costs of \$160,788 for Community Services, \$65,504 reduced costs for Planning and Community Development, \$58,963 due to reduced costs for City Administration, reduced costs of \$29,227 for Public Safety, \$25,428 reduced costs for Public Works and \$14,582 due to reduced costs for Finance and Administrative Services. Actual revenue (including transfers) was \$14,031,274 compared to the final budget of \$13,608,527. Of the \$422,747 revenue variance, approximately \$83,356 was due to increased sales tax collection, \$135,913 for increased fire service charges, and \$183,106 for increased development fees and permits. Like many cities in the area and around the nation, the city experienced an upturn in the current economic conditions.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City of Corinth's investment in capital assets for its governmental and business type activities as of September 30, 2014, amounts to \$83,167,946 (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, 2014.

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,360,481	\$ 2,299,357	\$ 497,399	\$ 497,319	\$ 2,857,880	\$ 2,796,676
CIP	1,867,935	654,975	2,751,545	886,059	4,619,480	1,541,034
Buildings	4,542,085	4,673,553	93,728	100,819	4,635,813	4,774,372
Machinery and equipment	3,430,116	3,099,658	396,822	466,659	3,826,938	3,566,317
Infrastructure	38,917,814	42,174,888	28,310,021	29,972,160	67,227,835	72,147,048
Total capital assets	\$ 51,118,431	\$ 52,902,431	\$ 32,049,515	\$ 31,923,016	\$ 83,167,946	\$ 84,825,447

Additional information on the City's capital assets can be found in the notes to the financial statements on page 43.

**Long-term debt.** At the end of the current fiscal year, The City had total bonded debt outstanding of \$24,665,000 consisting of General Obligation Bonds and Certificates of Obligation. Debt reallocated among the Governmental and Business-Type Activities to reflect the amount of outstanding debt related to capital projects. All debt payments were made when due. Outstanding debt decreased in fiscal year 2014 by \$2,864,999 (see Note III.H.).

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 5,738,000	\$ 6,887,875	\$ 1,307,000	\$ 1,467,125	\$ 7,045,000	\$ 8,355,000
Certificates of Obligation and Tax Notes	8,022,000	8,682,775	9,897,999	10,492,224	17,919,999	19,174,999
Capital Lease Obligation	758,058	-	-	-	758,058	-
Total outstanding debt	\$ 14,520,072	\$ 15,572,663	\$ 11,207,013	\$ 11,961,362	\$ 25,725,071	\$ 27,532,012

Additional information on the City's long-term debt can be found in this report in the notes to the financial statements on page 45.

Moody's Investor's Service, Inc. has given the city's General Obligation Bond and the Certificates of Obligation a rating of "A2". Standard and Poor's Corporation has given both the City's General Obligation and Certificates of Obligation an 'AA-' rating. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to certified assessed value of all taxable property is 18.99 percent.

**CITY OF CORINTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The budget demonstrated signs that a recovery may be starting to occur. The city experienced significant increases sales tax during FY 2013-14. Additionally, all other revenues held firm. Departments limited their requests for funds and absorbed increased demands for service with reduced staffing and support. The budget reflected the commitment to deliver quality service through carefully planned resource allocations.

The City Council approved a tax rate of \$.60489 for fiscal year 2015. General operations and maintenance will receive \$.46143 of the total and the remaining \$.14346 and a budgeted use of debt service fund balance will fund long-term debt of the City. Additionally, the City Council approved a three year rate plan for water, wastewater, and storm drainage in April 2011. The plan included a rate increase for wastewater and storm drainage, and a decrease in rates for water.

**REQUESTS FOR INFORMATION**

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

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## BASIC FINANCIAL STATEMENTS

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## CITY OF CORINTH, TEXAS

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<i>Cash</i>	\$ 1,184,371	\$ 723,296	\$ 1,907,667	\$ 142,672
<i>Investments</i>	7,429,214	6,225,975	13,655,189	2,510,521
<i>Receivables (net of allowances for uncollectibles):</i>	3,610,022	1,658,144	5,268,166	115,210
<i>Inventories</i>	221,706	209,802	431,508	--
<i>Prepaid items</i>	946	--	946	--
Capital assets not being depreciated:				
<i>Land</i>	2,360,481	497,399	2,857,880	--
<i>Construction in progress</i>	1,867,935	2,751,545	4,619,480	--
Capital assets (net of accumulated depreciation):				
<i>Buildings</i>	4,542,085	93,728	4,635,813	--
<i>Machinery and equipment</i>	3,430,116	396,822	3,826,938	--
<i>Infrastructure</i>	38,917,814	28,310,021	67,227,835	--
Total Assets	<u>63,564,690</u>	<u>40,866,732</u>	<u>104,431,422</u>	<u>2,768,403</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
<i>Bond insurance costs</i>	17,042	26,791	43,833	--
<i>Deferred loss from refunding</i>	42,049	28,772	70,821	--
Total Deferred Outflows of Resources	<u>59,091</u>	<u>55,563</u>	<u>114,654</u>	<u>--</u>
<b>LIABILITIES</b>				
<i>Accounts payable</i>	205,642	991,099	1,196,741	2
<i>Accrued liabilities</i>	233,785	30,650	264,435	--
<i>Accrued interest payable</i>	100,548	68,583	169,131	--
<i>Municipal court bonds</i>	4,983	--	4,983	--
<i>Customer meter deposits</i>	--	547,145	547,145	--
<i>Other liabilities</i>	1,195,834	--	1,195,834	--
Noncurrent Liabilities:				
<i>Due within one year</i>	2,374,032	904,199	3,278,231	--
<i>Due in more than one year</i>	13,226,061	10,578,062	23,804,123	--
Total Liabilities	<u>17,340,885</u>	<u>13,119,738</u>	<u>30,460,623</u>	<u>2</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<i>Unearned revenue</i>	691,159	--	691,159	--
Total Liabilities	<u>691,159</u>	<u>--</u>	<u>691,159</u>	<u>--</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	36,991,003	21,552,151	58,543,154	--
Restricted For:				
Debt Service	356,178	--	356,178	--
Capital Projects	3,722,541	--	3,722,541	--
Unrestricted	4,522,015	6,250,406	10,772,421	2,768,401
Total Net Position	<u>\$ 45,591,737</u>	<u>\$ 27,802,557</u>	<u>\$ 73,394,294</u>	<u>\$ 2,768,401</u>

The accompanying notes are an integral part of this statement .

**CITY OF CORINTH, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
<i>Public safety</i>	\$ 8,558,062	\$ 3,595,280	\$ 200,925	\$ --
<i>Community services</i>	1,735,618	377,982	82,429	--
<i>Public works</i>	4,655,417	111,242	--	--
<i>Planning and community development</i>	715,554	488,706	--	--
<i>City administration</i>	1,854,669	94,979	1,600	--
<i>Finance and administrative services</i>	665,351	--	--	--
<i>Interest on long-term debt</i>	702,883	--	--	--
Total Governmental Activities	<u>18,887,554</u>	<u>4,668,189</u>	<u>284,954</u>	<u>--</u>
Business-type Activities:				
Water and Sewer	10,645,670	10,648,512	--	176,068
Storm Drainage	571,624	680,128	--	--
Total Business-type Activities	<u>11,217,294</u>	<u>11,328,640</u>	<u>--</u>	<u>176,068</u>
Total Primary Government	<u>\$ 30,104,848</u>	<u>\$ 15,996,829</u>	<u>\$ 284,954</u>	<u>\$ 176,068</u>
<b>COMPONENT UNIT:</b>				
Economic Development Corporation	<u>\$ 338,896</u>	<u>\$ 50,000</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>				
<i>Gain on sale of capital assets</i>				
<i>Transfers</i>				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

The accompanying notes are an integral part of this statement.

Net (Expense)		Revenue and		Changes in		Net Position	
Governmental Activities	Business-type Activities			Total		Component Unit	
\$ (4,761,857)				\$ (4,761,857)			
(1,275,207)				(1,275,207)			
(4,544,175)				(4,544,175)			
(226,848)				(226,848)			
(1,758,090)				(1,758,090)			
(665,351)				(665,351)			
(702,883)				(702,883)			
<u>(13,934,411)</u>				<u>(13,934,411)</u>			
--	\$ 178,910			178,910			
--	108,504			108,504			
--	287,414			287,414			
<u>(13,934,411)</u>	<u>287,414</u>			<u>(13,646,997)</u>			
							\$ (288,896)
8,674,195	--			8,674,195		--	
1,822,924	--			1,822,924		599,148	
1,039,646	--			1,039,646		--	
4,587	9,038			13,625		4,180	
53,860	29,280			83,140		11,332	
9,446	1,178			10,624		--	
1,082,783	(1,082,783)			--		--	
<u>12,687,441</u>	<u>(1,043,287)</u>			<u>11,644,154</u>		<u>614,660</u>	
(1,246,970)	(755,873)			(2,002,843)		325,764	
46,838,707	28,558,430			75,397,137		2,442,637	
<u>\$ 45,591,737</u>	<u>\$ 27,802,557</u>			<u>\$ 73,394,294</u>		<u>\$ 2,768,401</u>	

## CITY OF CORINTH, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
<i>Cash</i>	\$ 84,694	\$ 4,583	\$ 1,095,094	\$ 1,184,371
<i>Investments</i>	3,231,289	322,485	3,875,440	7,429,214
Receivables (net of allowances for uncollectibles):				
<i>Property taxes</i>	51,599	16,943	--	68,542
<i>Sales taxes</i>	218,695	--	99,296	317,991
<i>Accounts</i>	58,979	11,957	29,997	100,933
<i>Interest</i>	4,239	210	4,067	8,516
<i>Warrants</i>	2,535,197	--	--	2,535,197
<i>Ambulance</i>	123,792	--	--	123,792
<i>Miscellaneous</i>	300,003	--	24,575	324,578
<i>Due from other governments</i>	130,473	--	--	130,473
<i>Inventories</i>	221,706	--	--	221,706
<i>Prepaid items</i>	946	--	--	946
<b>Total Assets</b>	<b>\$ 6,961,612</b>	<b>\$ 356,178</b>	<b>\$ 5,128,469</b>	<b>\$ 12,446,259</b>
<b>LIABILITIES</b>				
<i>Accounts payable</i>	\$ 80,607	\$ --	\$ 125,035	\$ 205,642
<i>Accrued liabilities</i>	228,250	--	5,535	233,785
<i>Municipal court bonds</i>	4,983	--	--	4,983
<i>Other liabilities</i>	1,192,500	--	3,334	1,195,834
<i>Total Liabilities</i>	<u>1,506,340</u>	<u>--</u>	<u>133,904</u>	<u>1,640,244</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<i>Deferred revenue</i>	1,645,175	28,142	691,159	2,364,476
<b>Total Deferred Inflows of Resources</b>	<u>1,645,175</u>	<u>28,142</u>	<u>691,159</u>	<u>2,364,476</u>
<b>FUND BALANCES</b>				
<i>Nonspendable</i>	222,652	--	--	222,652
<i>Restricted</i>	--	328,036	815,572	1,143,608
<i>Committed</i>	--	--	4,067,270	4,067,270
<i>Unassigned</i>	3,587,445	--	(579,436)	3,008,009
<b>Total Fund Balances</b>	<u>3,810,097</u>	<u>328,036</u>	<u>4,303,406</u>	<u>8,441,539</u>
<i>Total Liabilities, Deferred Inflows of Resources,     and Fund Balances</i>	<u>\$ 6,961,612</u>	<u>\$ 356,178</u>	<u>\$ 5,128,469</u>	<u>\$ 12,446,259</u>

The accompanying notes are an integral part of this statement.

**CITY OF CORINTH, TEXAS**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014*

Total fund balances - governmental funds balance sheet	\$ 8,441,539
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	51,118,431
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	65,364
Payables for bond principal which are not due in the current period are not reported in the funds.	(13,886,434)
Payables for capital leases which are not due in the current period are not reported in the funds.	(758,058)
Payables for bond interest which are not due in the current period are not reported in the funds.	(100,548)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(923,782)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	27,272
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	1,422,327
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	123,792
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	11,957
Liens receivable unavailable to pay current period expenditures are deferred in funds.	<u>49,877</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 45,591,737</u>

The accompanying notes are an integral part of this statement.

**CITY OF CORINTH, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE S  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
<i>Property</i>	\$ 6,620,927	\$ 2,054,988	\$ --	\$ 8,675,915
<i>Sales</i>	1,214,039	--	558,444	1,772,483
<i>Hotel occupancy tax</i>	--	--	50,441	50,441
<i>Franchise</i>	1,039,646	--	--	1,039,646
<i>Escrow and impact fees</i>	--	--	111,242	111,242
<i>Utility fees</i>	10,237	--	--	10,237
<i>Traffic fines and forfeitures</i>	690,669	--	32,505	723,174
<i>Development fees &amp; permits</i>	410,540	--	--	410,540
<i>Police fees &amp; permits</i>	26,591	--	23,757	50,348
<i>Parks &amp; recreation fees</i>	306,666	--	14,374	321,040
<i>Fire services</i>	2,341,080	--	53,730	2,394,810
<i>Donations</i>	--	--	89,514	89,514
<i>Interest income</i>	31,945	3,752	18,162	53,859
<i>Miscellaneous income</i>	31,291	--	50,900	82,191
<i>Charges for services</i>	431,519	--	--	431,519
Total revenues	<u>13,155,150</u>	<u>2,058,740</u>	<u>1,003,069</u>	<u>16,216,959</u>
Expenditures:				
Current:				
<i>Public safety</i>	7,751,770	--	1,670,701	9,422,471
<i>Community services</i>	1,598,900	--	806,914	2,405,814
<i>Public works</i>	886,174	--	597,655	1,483,829
<i>Planning and community development</i>	703,923	--	14,330	718,253
<i>City administration</i>	1,630,684	--	5,650	1,636,334
<i>Finance and administrative services</i>	652,321	--	--	652,321
Debt Service:				
<i>Principal</i>	--	1,810,650	81,832	1,892,482
<i>Interest</i>	--	674,994	19,010	694,004
Total Expenditures	<u>13,223,772</u>	<u>2,485,644</u>	<u>3,196,092</u>	<u>18,905,508</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(68,622)</u>	<u>(426,904)</u>	<u>(2,193,023)</u>	<u>(2,688,549)</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	876,124	19,278	2,610,195	3,505,597
<i>Transfers out</i>	(1,159,527)	--	(1,263,287)	(2,422,814)
<i>Capital leases</i>	--	--	839,890	839,890
Total Other Financing Sources (Uses)	<u>(283,403)</u>	<u>19,278</u>	<u>2,186,798</u>	<u>1,922,673</u>
Net Change in Fund Balances	<u>(352,025)</u>	<u>(407,626)</u>	<u>(6,225)</u>	<u>(765,876)</u>
Fund Balances - Beginning	<u>4,162,122</u>	<u>735,662</u>	<u>4,309,631</u>	<u>9,207,415</u>
Fund Balances - Ending	<u>\$ 3,810,097</u>	<u>\$ 328,036</u>	<u>\$ 4,303,406</u>	<u>\$ 8,441,539</u>

The accompanying notes are an integral part of this statement.



**CITY OF CORINTH, TEXAS**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014*

Net change in fund balances - total governmental funds	\$ (765,876)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,777,917
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,516,186)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(287)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,810,650
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	81,832
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(1,716)
Loss on disposal of capital assets is not reported in the funds.	(45,733)
(Increase) decrease in accrued interest from beginning of period to end of period.	(7,163)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(81,649)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	319,591
Certain ambulance receivables are deferred in the funds. This is the change in these amounts this year.	21,539
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(839,890)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (1,246,970)</u>

The accompanying notes are an integral part of this statement.

## CITY OF CORINTH, TEXAS

## STATEMENT OF NET POSITION

## ENTERPRISE FUNDS

SEPTEMBER 30, 2014

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Storm Drainage Fund</u>	Total Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
<i>Cash</i>	\$ 558,901	\$ 164,395	\$ 723,296
<i>Investments</i>	5,355,575	870,400	6,225,975
Receivables (net of allowances for uncollectibles):			
<i>Accounts</i>	1,575,321	74,499	1,649,820
<i>Interest</i>	5,639	531	6,170
<i>Miscellaneous</i>	1,351	803	2,154
<i>Inventories</i>	194,532	15,270	209,802
Total Current Assets	<u>7,691,319</u>	<u>1,125,898</u>	<u>8,817,217</u>
<b>NONCURRENT ASSETS</b>			
Capital Assets:			
<i>Land</i>	485,399	12,000	497,399
<i>Construction in progress</i>	2,731,785	19,760	2,751,545
<i>Buildings</i>	229,633	--	229,633
<i>Machinery and equipment</i>	1,276,252	266,632	1,542,884
<i>Infrastructure</i>	35,964,381	4,495,045	40,459,426
<i>Less accumulated depreciation</i>	(12,248,771)	(1,182,601)	(13,431,372)
Total Capital Assets (net of accumulated depreciation)	<u>28,438,679</u>	<u>3,610,836</u>	<u>32,049,515</u>
Total Assets	<u>36,129,998</u>	<u>4,736,734</u>	<u>40,866,732</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
<i>Bond insurance costs</i>	23,870	2,921	26,791
<i>Deferred loss from refunding</i>	28,772	--	28,772
Total Deferred Outflows of Resources	<u>52,642</u>	<u>2,921</u>	<u>55,563</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
<i>Accounts payable</i>	967,756	23,343	991,099
<i>Accrued liabilities</i>	28,513	2,137	30,650
<i>Accrued interest payable</i>	56,813	11,770	68,583
<i>Customer meter deposits</i>	547,145	--	547,145
<i>Compensated absences - current</i>	82,475	4,618	87,093
<i>Current portion of general obligation bonds</i>	711,627	105,479	817,106
Total Current Liabilities	<u>2,394,329</u>	<u>147,347</u>	<u>2,541,676</u>
<b>NONCURRENT LIABILITIES</b>			
<i>General obligation bonds</i>	8,761,619	1,816,443	10,578,062
Total Noncurrent Liabilities	<u>8,761,619</u>	<u>1,816,443</u>	<u>10,578,062</u>
Total Liabilities	<u>11,155,948</u>	<u>1,963,790</u>	<u>13,119,738</u>
<b>NET POSITION:</b>			
<i>Net investment in capital assets</i>	19,510,593	2,041,557	21,552,150
<i>Unrestricted Net Position</i>	5,516,099	734,308	6,250,407
Total Net Position	<u>\$ 25,026,692</u>	<u>\$ 2,775,865</u>	<u>\$ 27,802,557</u>

The accompanying notes are an integral part of this statement.

**CITY OF CORINTH, TEXAS**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Storm Drainage Fund</u>	Total Enterprise Funds
<b>OPERATING REVENUES:</b>			
<i>Water sales</i>	\$ 5,309,263	\$ --	\$ 5,309,263
<i>Sewer disposal</i>	4,223,423	--	4,223,423
<i>Storm drainage fees</i>	--	676,967	676,967
<i>Garbage</i>	764,360	--	764,360
<i>Penalties and reconnect fees</i>	202,967	--	202,967
<i>Tap fees</i>	77,035	--	77,035
<i>Service fees</i>	50,555	--	50,555
<i>Inspections</i>	20,910	3,161	24,071
Total Operating Revenues	<u>10,648,513</u>	<u>680,128</u>	<u>11,328,641</u>
<b>OPERATING EXPENSES:</b>			
<i>Wages &amp; benefits</i>	1,303,728	148,923	1,452,651
<i>Professional services and contracts</i>	1,781,650	64,132	1,845,782
<i>Maintenance and operations</i>	310,353	5,162	315,515
<i>Supplies</i>	85,774	3,295	89,069
<i>Utilities and communication</i>	5,057,847	4,714	5,062,561
<i>Vehicles/equipment and fuel</i>	90,644	17,758	108,402
<i>Travel and training</i>	6,363	48	6,411
<i>Capital outlay</i>	885	--	885
<i>Amortization</i>	2,171	235	2,406
Depreciation	1,548,429	234,212	1,782,641
Total Operating Expenses	<u>10,187,844</u>	<u>478,479</u>	<u>10,666,323</u>
Operating Income	<u>460,669</u>	<u>201,649</u>	<u>662,318</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest income</i>	26,861	2,424	29,285
<i>Miscellaneous income (expense)</i>	8,991	47	9,038
<i>Gain (loss) on sale of capital assets</i>	1,178	--	1,178
<i>Interest expense</i>	(457,826)	(93,145)	(550,971)
Total Non-operating Revenues (Expenses)	<u>(420,796)</u>	<u>(90,674)</u>	<u>(511,470)</u>
Income Before Special Items, Contributions and Transfers	<u>39,873</u>	<u>110,975</u>	<u>150,848</u>
<b>SPECIAL ITEMS, CONTRIBUTIONS AND TRANSFER S</b>			
Special assessment - water and sewer impact fees	147,252	--	147,252
Contributions	28,816	--	28,816
<i>Transfers in</i>	191,310	--	191,310
<i>Transfers out</i>	(933,367)	(340,726)	(1,274,093)
Total Special Items, Contributions and Transfers	<u>(565,989)</u>	<u>(340,726)</u>	<u>(906,715)</u>
Change in Net Position	(526,116)	(229,751)	(755,867)
Net Position - Beginning	25,552,808	3,005,616	28,558,424
Net Position - Ending	<u>\$ 25,026,692</u>	<u>\$ 2,775,865</u>	<u>\$ 27,802,557</u>

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, 2014

	Enterprise Funds		
	Water and Sewer Fund	Storm Water Utility	Totals
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ 10,913,406	\$ 683,088	\$ 11,596,494
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(7,401,093)	(80,272)	(7,481,365)
<i>Cash Payments to Employees for Services</i>	(1,301,919)	(148,307)	(1,450,226)
Net Cash Provided (Used) by Operating Activities	<u>2,210,394</u>	<u>454,509</u>	<u>2,664,903</u>
Cash Flows from Non-capital Financing Activities:			
<i>Transfers From Other Funds</i>	191,310	--	807,781
<i>Transfers To Other Funds</i>	(933,367)	(340,726)	(1,891,528)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(742,057)</u>	<u>(340,726)</u>	<u>(1,083,747)</u>
Cash Flows from Capital and Related Financing Activities:			
<i>Principal and Interest Paid</i>	(1,112,431)	(206,911)	(1,319,342)
<i>Acquisition or Construction of Capital Assets</i>	(1,713,312)	(19,759)	(1,733,071)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(2,825,743)</u>	<u>(226,670)</u>	<u>(3,052,413)</u>
Cash Flows from Investing Activities:			
<i>Interest and Dividends on Investments</i>	26,861	2,424	29,285
Net Cash Provided (Used) for Investing Activities	<u>26,861</u>	<u>2,424</u>	<u>29,285</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,330,545)	(110,463)	(1,441,008)
Cash and Cash Equivalents at Beginning of Year	7,245,020	1,146,221	8,391,241
Cash and Cash Equivalents at End of Year	<u>\$ 5,914,475</u>	<u>\$ 1,035,758</u>	<u>\$ 6,950,233</u>
Summary of Cash and Cash Equivalents			
Cash	\$ 558,901	\$ 164,395	\$ 723,296
Investments	5,355,575	870,400	6,225,975
	<u>\$ 5,914,476</u>	<u>\$ 1,034,795</u>	<u>\$ 6,949,271</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating Income (Loss)	\$ 460,669	\$ 201,649	\$ 662,318
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
<i>Depreciation and Amortization</i>	1,550,600	234,447	1,785,047
<i>Miscellaneous Income (expense)</i>	8,989	47	9,036
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	228,819	2,913	231,732
<i>Decrease (Increase) in Inventories</i>	6,915	(5,776)	1,139
<i>Increase (Decrease) in Accounts Payable</i>	(74,492)	20,613	(53,879)
<i>Increase (Decrease) in Customer Deposits</i>	27,085	--	27,085
<i>Increase (Decrease) in Compensated Absences</i>	1,809	616	2,425
Total Adjustments	<u>1,749,725</u>	<u>252,860</u>	<u>2,002,585</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,210,394</u>	<u>\$ 454,509</u>	<u>\$ 2,664,903</u>
Noncash Investing, Capital, and Financing Activities:			
<i>Developer contributions</i>	\$ 176,068	\$ --	\$ 176,068

The accompanying notes are an integral part of this statement.

CITY OF CORINTH  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the government-wide financial statements**

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

**B. Reporting Entity**

The City is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

**Discretely presented component unit.** The *Corinth Economic Development Corporation (CEDC)*, was organized under state law for the purpose of promoting economic development. State statutes define projects that the corporation may fund. Some examples of permitted projects are in Note IV.E. Other Information- Component Unit Information. The CEDC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. The CEDC is reported as a governmental entity and its accounts are maintained on the modified accrual basis of accounting. CEDC does not issue separate financial statements.

**C. Basis of Presentation – government-wide financial statements**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

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

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

**D. Basis of presentation – fund financial statements**

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

**E. Measurement focus and basis of accounting**

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**F. Budgetary information**

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General fund; the Crime Control and Prevention, Street Maintenance, Hotel/Motel Tax, Municipal Court Security, Municipal Court Technology, and Parks Development special revenue funds; and the Debt Service fund. The capital projects funds is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (i.e. grant awards and city council resolutions) and sometimes span a period of more than one fiscal year.

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

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

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

**1. Cash and cash equivalents**

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

**2. Investments**

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

**3. *Receivables and payables***

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

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

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

**4. *Inventories and prepaid items***

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.



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**5. Capital assets**

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

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

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

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

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

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

**6. Net asset flow assumptions**

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

**7. Fund balance flow assumptions**

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

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**8. Fund balance policies**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Amounts in the assigned fund balance classification include the portion of net resources for which an intended use has been established by the City Council or the City Official authorized to do so by the City Council. Assignments of fund balances are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**H. Revenues and expenditures/expenses**

**1. Program revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property taxes**

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

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**4. Compensated absences**

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. Eligible employees are reimbursed upon separation from service for accumulated vacation, accumulated sick pay; non-exempt employees are reimbursed for compensatory time. The liabilities for these amounts are accrued as they are incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**5. Proprietary funds operating and nonoperating revenues and expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer and storm drainage funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**I. Long-term obligations**

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

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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Deficit fund equity

At September 30, 2014, a fund deficit of \$579,436 was reported for the Roadway Impact Fee Fund. It represents deferred/unearned impact fee revenue, net of related assets, which will be recognized as development of land progresses through April 1, 2025.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash deposits with financial institutions**

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

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

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At September 30, 2014, the City's carrying amount of demand deposits was \$2,050,339 (including \$142,672 in the discrete component unit) while the bank balance was \$2,617,984. The City's depository had pledged an FHLB letter of credit with a fair value of \$9,000,000.

**B. Investments**

The investment policy of the City is governed by State statutes and the adopted City Investment Policy. City policy governing bank deposits require depositors to be FDIC-insured institutions; depositories must fully collateralize all deposits in excess of FDIC insurance limits. The City's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the states with a rating of not less than AA, fully insured certificates of deposit. The City's investments in the bonds of the US agencies was rated AAAM by Standard & Poor's, AAA by Fitch Ratings, and Aaa by Moody's Investors Service.

State statutes authorize the City to invest in obligations of the U. S. Treasury, agencies and instrumentalities, in obligations of the State of Texas and other political subdivisions of any state rated "A" or above by Standard & Poor's or Moody's Investors Service, and repurchase agreements. Investments maturing within one year of date of purchase are stated at cost or amortized cost; all other investments are stated at fair value which is based on quoted market prices.

The City did not engage in repurchase or reverse repurchase agreement transactions during the year. The City's investments were as follows on September 30, 2014:

	Carrying Amount	Fair Value	WAM	Rating (S&P)
TexStar	\$ 907,176	\$ 907,176	<60 days	AAAM
TexPool	413,226	413,226	<60 days	AAAM
US Federal Agency Securities				
Coupon	2,737,260	2,737,835	779	AA+
Callable	3,614,888	3,609,695	779	AA+
Money Market	5,982,639	5,991,659		
	<u>13,655,189</u>	<u>13,659,591</u>		

Corinth Economic Development Corp. Type (B)

TexPool	310,669	310,669	<60 days	AAAM
US Federal Agency Securities				
Coupon	2,064,740	2,063,759		AA+
Money Market	135,112	134,707		
	<u>2,510,521</u>	<u>2,509,135</u>		
Total	<u>\$ 16,165,710</u>	<u>\$ 16,168,726</u>		

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

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

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

The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Inter-

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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 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 & Pooors. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Pooors, as well as the Office of the State Comptroller of Public Accounts for review.

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

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

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

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

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

**C. Receivables, Interfund Receivables and Transfers**

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

**D. Deferred/Unearned Revenue**

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

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	Deferred	Unearned
Delinquent property taxes receivable (General Fund)	\$ 49,179	\$ -
Municipal court fines receivable (General Fund)	1,422,327	-
Ambulance revenue receivable (General Fund)	123,792	-
Other receivables (General Fund)	49,877	-
Delinquent property taxes receivable (Debt Service Fund)	16,185	-
Other receivables (Debt Service Fund)	11,957	-
Assessments receivable not yet due (Street Improvements Fund)	691,159	691,159
 Total deferred/unearned revenue for governmental funds	\$ 2,364,476	\$ 691,159

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

**E. Capital assets**

Capital assets activity for the year ended September 30, 2014 was as follows:

	<b>Governmental Activities:</b>				Balance 9/30/2014
	Balance 9/30/2013	Additions	Deletions	Transfers and Adjustments	
Capital assets, not being depreciated:					
Land	\$ 2,299,357	\$ 61,124	\$ -	\$ -	\$ 2,360,481
Construction in progress	654,975	1,212,960	-	-	1,867,935
Totals, capital assets not being depreciated	2,954,332	1,274,084	-	-	4,228,416
Capital assets, being depreciated:					
Buildings	6,498,477	64,982	-	-	6,563,459
Machinery and equipment	7,156,647	1,096,766	(294,085)	-	7,959,328
Infrastructure	92,374,106	342,087	-	-	92,716,193
Totals, capital assets being depreciated	106,029,230	1,503,835	(294,085)	-	107,238,980
Less: accumulated depreciation for:					
Buildings	(1,824,924)	(196,450)	-	-	(2,021,374)
Machinery and equipment	(4,056,989)	(720,575)	248,352	-	(4,529,212)
Infrastructure	(50,199,216)	(3,599,161)	-	-	(53,798,377)
Total accumulated depreciation	(56,081,129)	(4,516,186)	248,352	-	(60,348,963)
 Total capital assets, being depreciated, net	49,948,101	(3,012,351)	(45,733)	-	46,890,017
 Capital assets, net	\$ 52,902,433	\$ (1,738,267)	\$ (45,733)	\$ -	\$ 51,118,433

**CITY OF CORINTH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

<b>Governmental Activities</b>	
Public safety	\$ 545,647
Community services	118,300
Public works	3,643,095
Planning & community development	4,201
City administration	204,393
Finance and administrative services	550
Total depreciation expense - governmental activities	<u>\$ 4,516,186</u>

**Business-type activities:**

	Balance 9/30/2013	Additions	Deletions	Transfers and Adjustments	Balance 9/30/2014
<b>Capital assets, not being depreciated:</b>					
Land	\$ 497,319	\$ 80	\$ -	\$ -	\$ 497,399
Construction in progress	886,059	1,865,486	-	-	2,751,545
Totals, capital assets not being depreciated	<u>1,383,378</u>	<u>1,865,566</u>	<u>-</u>	<u>-</u>	<u>3,248,944</u>
<b>Capital assets, being depreciated:</b>					
Buildings	229,633	-	-	-	229,633
Machinery and equipment	1,523,063	19,821	-	-	1,542,884
Infrastructure	40,435,674	23,752	-	-	40,459,426
Totals, capital assets being depreciated	<u>42,188,370</u>	<u>43,573</u>	<u>-</u>	<u>-</u>	<u>42,231,943</u>
<b>Less: accumulated depreciation for:</b>					
Buildings	(128,814)	(7,091)	-	-	(135,905)
Machinery and equipment	(1,056,404)	(89,658)	-	-	(1,146,062)
Infrastructure	(10,463,514)	(1,685,891)	-	-	(12,149,405)
Total accumulated depreciation	<u>(11,648,732)</u>	<u>(1,782,640)</u>	<u>-</u>	<u>-</u>	<u>(13,431,372)</u>
Total capital assets, being depreciated, net	<u>30,539,638</u>	<u>(1,739,067)</u>	<u>-</u>	<u>-</u>	<u>28,800,571</u>
Capital assets, net	<u>\$ 31,923,016</u>	<u>\$ 126,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,049,515</u>

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

<b>Business-type Activities</b>	
Water and sewer	\$ 1,548,429
Storm water utility	234,211
Total depreciation expense - business-type activities	<u>\$ 1,782,640</u>

**CITY OF CORINTH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**F. Construction and other significant commitments**

The City has active construction commitments as of September 30, 2014. The projects include water storage, utility relocation, road expansion/reconstruction, and computer hardware/software improvements. At year end the City's commitments with contractors were as follows:

Project Name	Cumulative Spent to Date	Remaining Balance	Project Total
SHADY REST LANE	\$ 228,998	\$ 666,002	\$ 895,000
TOWER RIDGE	114,875	1	114,876
WESTSIDE LS EXPANSION	2,343,777	-	2,343,777
REPLACE TECHNOLOGICAL INFRASTRUCTURE	681,495	9,005	690,500
PLANNING & PERMITTING	117,789	14,121	131,910
1.5 MG GROUND STORAGE TANK	2,100,000	-	2,100,000
<b>TOTAL</b>	<b>\$ 5,586,934</b>	<b>\$ 689,129</b>	<b>\$ 6,276,063</b>

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

**G. Risk Management**

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

**H. Long-term liabilities**

Long-term debt of the City governmental activities consists of general obligation bonds, certificates of obligation, and accrued compensated absences. Sources of retirement of general obligation bond and certificates of obligation are provided from ad valorem tax. Governmental activities long-term debt is paid by the debt service fund.

Long-term debt of the City business-type activities consists of general obligation bonds, certificates of obligation, and accrued compensated absences. Business-type activities long-term debt is serviced by revenue from the water wastewater, and storm water drainage systems.



**CITY OF CORINTH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

The following is a summary of long-term debt as of September 30, 2014:

Description	September 30, 2013	Additions	Retirements	September 30, 2014	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 8,682,775	\$ -	\$ (660,775)	\$ 8,022,000	\$ 1,126,500
Certificates of obligation	6,887,875	-	(1,149,875)	5,738,000	633,094
	15,570,650	-	(1,810,650)	13,760,000	1,759,594
Bond premiums/discounts (net)	173,309	-	(15,056)	158,253	15,056
Total bonds payable	15,743,959	-	(1,825,706)	13,918,253	1,774,650
Capital lease obligation	-	839,890	(81,832)	758,058	74,667
Compensated absences	842,133	994,219	(912,570)	923,782	524,715
	<u>\$ 16,586,092</u>	<u>\$ 1,834,109</u>	<u>\$ (2,820,108)</u>	<u>\$ 15,600,093</u>	<u>\$ 2,374,032</u>

Description	September 30, 2013	Additions	Retirements	September 30, 2014	Due Within One Year
<b>Business-type activities:</b>					
General obligation bonds	\$ 1,467,125	\$ -	\$ (160,125)	\$ 1,307,000	\$ 243,500
Certificates of obligation	10,492,224	-	(594,225)	9,897,999	556,906
	11,959,349	-	(754,350)	11,204,999	800,406
Bond premiums/discounts (net)	206,868	-	(16,698)	190,170	16,701
Total bonds payable	12,166,217	-	(771,048)	11,395,169	817,107
Compensated absences	84,668	100,757	(98,333)	87,092	87,092
	<u>\$ 12,250,885</u>	<u>\$ 100,757</u>	<u>\$ (869,381)</u>	<u>\$ 11,482,261</u>	<u>\$ 904,199</u>

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

Long-term debt of the City is comprised of the following individual issues at September 30, 2014:

Purpose	Original Amount	Year of Issue	Final Maturity	Average Annual Payment	Interest Rate	Governmental Activities	Business- type Activities
<b>GENERAL OBLIGATION BONDS</b>							
Infrastructure	\$ 2,000,000	2001	2016	\$ 125,000	5.00% - 4.80%	\$ 245,000	
Refunding	5,080,000	2005	2020	538,000	4.00% - 4.25%	2,028,000	\$ 572,000
Refunding	5,250,000	2007	2020	587,000	3.78% - 4.25%	3,465,000	735,000
						<u>5,738,000</u>	<u>1,307,000</u>
<b>CERTIFICATES OF OBLIGATION</b>							
Equipment and infrastructure	23,630,000	2007	2027	1,821,000	4.375% - 5.25%	7,342,000	9,897,999
Equipment	1,500,000	2010	2020	172,000	1.95% - 4.05%	680,000	
						<u>8,022,000</u>	<u>9,897,999</u>
						<u>\$ 13,760,000</u>	<u>\$ 11,204,999</u>

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

**CITY OF CORINTH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

follows:

**General Obligation Bonds:**

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
2015	\$ 1,126,500	\$ 216,180	\$ 243,500	\$ 49,275
2016	1,168,175	169,223	251,825	39,331
2017	1,167,150	121,146	277,850	28,508
2018	1,219,650	71,244	290,350	16,608
2019	689,250	30,799	155,750	7,153
2020 - 2021	367,275	13,207	87,725	3,010
<b>Total</b>	<b>\$ 5,738,000</b>	<b>\$ 621,799</b>	<b>\$ 1,307,000</b>	<b>\$ 143,885</b>

**Certificates of Obligation:**

Year Ended September 30	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	Principal	Interest	Principal	Interest
2015	\$ 633,094	\$ 377,569	\$ 556,906	\$ 480,568
2016	561,517	350,425	588,483	451,934
2017	587,810	323,411	617,190	421,792
2018	548,362	297,703	651,638	392,107
2019	572,527	273,189	677,473	362,610
2020 - 2024	2,978,692	953,105	3,921,308	1,283,003
2025 - 2027	2,139,998	172,438	2,885,001	232,469
<b>Total</b>	<b>\$ 8,022,000</b>	<b>\$ 2,747,840</b>	<b>\$ 9,897,999</b>	<b>\$ 3,624,483</b>

**I. Fund balance**

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

**CITY OF CORINTH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

	General Fund	Debt Service Fund	Other Governmental Funds	Total
<b>Fund Balances (Deficit):</b>				
<b>Nonspendable:</b>				
Inventory	\$ 221,706	\$ -	\$ -	\$ 221,706
Prepaid items	946	-	-	946
				<u>222,652</u>
<b>Restricted for:</b>				
Debt service	-	328,036	-	328,036
Child Safety	-	-	17,053	17,053
Municipal Court Security	-	-	14,471	14,471
Municipal Court Technology	-	-	44,826	44,826
Public Safety	-	-	200,052	200,052
Street Maintenance	-	-	475,063	475,063
Tourism	-	-	64,107	64,107
				<u>1,143,608</u>
<b>Committed to:</b>				
Beautify & Preserve the Community	-	-	25,082	25,082
Capital Projects	-	-	3,204,133	3,204,133
Fire Safety	-	-	22,998	22,998
Insurance Claims	-	-	209,922	209,922
Park Development	-	-	80,958	80,958
Public Safety	-	-	10,263	10,263
Recreation Donatons	-	-	3,806	3,806
Recreation Scholarships	-	-	51	51
Vehicle & Equipment Replacements	-	-	510,057	510,057
				<u>4,067,270</u>
<b>Unassigned:</b>	<u>3,587,445</u>	<u>-</u>	<u>(579,436)</u>	<u>3,008,009</u>
	<u>\$ 3,810,097</u>	<u>\$ 328,036</u>	<u>\$ 4,303,406</u>	<u>\$ 8,441,539</u>

**J. Interfund transfers**

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

	Transfers from other funds	Transfers to other funds
General Fund	\$ 876,124	\$ (1,159,527)
Debt Service Fund	19,278	-
Nonmajor governmental funds	2,610,195	(1,263,287)
Water and Wastewater Fund	191,310	(933,367)
Storm Water Utility Fund	-	(340,726)
	<u>\$ 3,696,907</u>	<u>\$ (3,696,907)</u>

**CITY OF CORINTH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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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.

**IV. OTHER INFORMATION**

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

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

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

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

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

The City participates in the Texas Municipal Retirement System

Plan Description

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

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

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

	Plan Year 2012	Plan Year 2013	Plan Year 2014
Employee deposit rate:	7%	7%	7%
Matching ratio (employer to employee):	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100%, Repeating, Transfers	100%, Repeating, Transfers	100%, Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually, the prior service contribution rate amortizes

**CITY OF CORINTH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeated benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect,

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

The City's APC and NPA are as follows:

Annual Required Contribution (ARC)	\$ 1,180,514
Interest on Net Pension Obligation	-
Adjustment to the ARC	-
Annual Pension Cost:	1,180,514
Contributions Made	1,180,514
Increase (Decrease) in Net Pension Obligation	-
Net Pension Obligation (Asset) , Beginning of Year	-
Net Pension Obligation (Asset) , End of Year	\$ -

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

**Three-Year Trend Information**

Fiscal Year Ending	Annual Pension Cost/(APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2014	\$ 1,180,514	\$ 1,180,514	100%	\$ -
2013	\$ 1,089,509	\$ 1,089,509	100%	\$ -
2012	\$ 1,009,090	\$ 1,009,090	100%	\$ -

Funded status and funding progress

As of December 31, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded ALL (UALL)	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2013	\$ 20,892,219	\$ 28,200,256	74.1%	\$ 7,308,037	\$ 8,028,481	91.0%

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

**CITY OF CORINTH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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The ARC for fiscal year 2014 was determined as part of the December 31, 2011 and 2012 actuarial valuations.

Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
	Level Percent of	Level Percent of	Level Percent of
Amortization Method	Payroll	Payroll	Payroll
Remaining Amortization Period	26.4 years; closed	25.4 years; closed	30.0 years; closed
	period	period	period
Asset Valuation Method	10-year Smoothed	10-year Smoothed	10-year Smoothed
	Market	Market	Market
Amortization Period for New Gains/Losses	30 Years	30 Years	30 Years
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and	Varies by age and	Varies by age and
Actuarial Assumptions:	service	service	service
Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Assumptions	2.1%	2.1%	2.1%

**C. Supplemental Death Benefits Fund**

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); the City has elected to exclude retired employees from this benefit.

**Contributions**

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

The City's contributions to the TMRS SDBF for the years ended September 30, 2014, 2013, and 2012 were \$8,028, \$7,990, and \$7,780, respectively, which equaled the required contributions each year.

**D. Contingent liabilities**

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF CORINTH, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT B-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>Property</i>	\$ 6,650,116	\$ 6,650,116	\$ 6,620,927	\$ (29,189)
<i>Sales</i>	1,130,683	1,130,683	1,214,039	83,356
<i>Franchise</i>	1,026,460	1,026,460	1,039,646	13,186
<i>Utility fees</i>	2,000	2,000	10,237	8,237
<i>Traffic fines and forfeitures</i>	658,900	658,900	690,669	31,769
<i>Development fees &amp; permits</i>	227,434	227,434	410,540	183,106
<i>Police fees &amp; permits</i>	25,600	25,600	26,591	991
<i>Parks &amp; recreation fees</i>	293,130	293,130	306,666	13,536
<i>Fire services</i>	2,205,166	2,205,166	2,341,080	135,914
<i>Interest income</i>	15,250	15,250	31,945	16,695
<i>Miscellaneous income</i>	60,450	60,450	31,291	(29,159)
<i>Charges for services</i>	426,214	426,214	431,519	5,305
Total revenues	<u>12,721,403</u>	<u>12,721,403</u>	<u>13,155,150</u>	<u>433,747</u>
Expenditures:				
Current:				
<i>Public safety</i>	7,752,337	7,780,997	7,751,770	29,227
<i>Community services</i>	1,742,196	1,759,688	1,598,900	160,788
<i>Public works</i>	908,258	911,602	886,174	25,428
<i>Planning and community development</i>	768,978	769,427	703,923	65,504
<i>City administration</i>	1,687,716	1,689,647	1,630,684	58,963
<i>Finance and administrative services</i>	671,015	666,904	652,322	14,582
Total Expenditures	<u>13,530,500</u>	<u>13,578,265</u>	<u>13,223,773</u>	<u>354,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(809,097)</u>	<u>(856,862)</u>	<u>(68,622)</u>	<u>788,239</u>
Other Financing Sources (Uses):				
<i>Transfers in</i>	887,124	887,124	876,124	(11,000)
<i>Transfers out</i>	<u>(1,023,027)</u>	<u>(1,084,527)</u>	<u>(1,159,527)</u>	<u>(75,000)</u>
Total Other Financing Sources (Uses)	<u>(135,903)</u>	<u>(197,403)</u>	<u>(283,403)</u>	<u>(86,000)</u>
Net Change in Fund Balances	(945,000)	(1,054,265)	(352,026)	702,239
Fund Balances - Beginning	<u>4,162,122</u>	<u>4,162,123</u>	<u>4,162,123</u>	--
Fund Balances - Ending	<u>\$ 3,217,122</u>	<u>\$ 3,107,858</u>	<u>\$ 3,810,097</u>	<u>\$ 702,239</u>

Stewardship, Compliance, and Accountability

I. Budgetary Information

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

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Therefore the legal level of control is at the fund level.
4. Budgeted amounts are as originally adopted or as amended by the City Council or management. During the year the additional appropriations were submitted as budget amendments and approved by the City Council.
5. Capital Project funds were not budgeted. Since project length financial plans usually extend into two or more fiscal years, this makes comparisons confusing and misleading.
6. Formal budgetary integration is employed as a management control device during the year. The legally adopted budgets for the General Fund, certain Special Revenue Funds, and the Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the following funds:

General Fund

Special Revenue Funds:

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

Debt Service Fund

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded ALL (UALL)	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2013	\$ 20,892,219	\$ 28,200,256	74.1%	\$ 7,308,037	\$ 8,028,481	91.0%
12/31/2012	\$ 18,483,323	\$ 23,648,932	78.2%	\$ 5,165,609	\$ 7,989,936	64.7%
12/31/2011	\$ 16,268,326	\$ 21,555,610	75.5%	\$ 5,287,284	\$ 7,869,676	67.2%

## COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS

### Nonmajor Governmental Funds

#### Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

- The Crime Control and Prevention District fund is the blended component unit described previously. All revenues and expenditures related to the \$.0025 sales tax are recorded in this fund.
- The Street Maintenance fund accounts for the receipt of a \$.0025 special purpose sales tax and related expenditures.
- Risk/Insurance Claim fund is used to account for funds restricted to pay insurance claims.
- Hotel-Motel Tax fund accounts for hotel-motel tax collected and used to enhance and promote tourism.
- The Special Revenue fund accounts for revenues that are used to account for acquisition purpose, i.e., park donations, Keep Corinth Beautiful donations and other designated revenues and related expenditures.
- Municipal Court Security fund is used to account for funds restricted to provide security enhancements for the municipal court.
- Municipal Court Technology fund is used to account for funds restricted to provide technological enhancements for the municipal court.
- The Parks Development fund was established to account for donations, contributions, and payments associated with the various park programs.
- The TxDOT Grant fund was established to account for the receipt and use of funds from the Texas Department of Transportation grant for police department equipment.
- The Roadway Impact Fee fund is used to account for the receipt and expenditure of roadway impact fees as required by the state of Texas Local Government Code Section 395.

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

- The Government Capital Projects fund is used to account for funds and expenditures related to capital projects.
- The Vehicle Replacement fund is used to account for funds and expenditures related to future vehicle replacements.
- The LCFD Vehicle and Equipment Replacement fund is used to account for funds and expenditures for replacement of vehicles and equipment for the Lake Cities Fire Department.
- Tech Equipment Replacement fund is used to account for funds and is used to account for funds and expenditures for replacement of information technology equipment.
- The Street Escrow fund is used to account for funds and expenditures for all capital projects not specifically identified and not in the proprietary or trust funds.
- The 2004 Tax Note fund was established to account for remaining bond funds from the 2004 issuance.
- 2007 CO Streets fund is used to account for the projects and funding associated with the Series 2007 Certificates of Obligation debt issue, a portion of which is dedicated to streets, infrastructure construction and improvements.
- 2007 CO Tech fund is used to account for the projects and funding associated with the Series 2007 Certificates of Obligation debt issue, a portion of which is dedicated to computer technology equipment and upgrades.
- 2010 CO Fire fund is used to account for the projects and funding associated with the Series 2010 Tax and Revenue Certificates of Obligation debt issue which is dedicated to fire equipment and infrastructure.

**CITY OF CORINTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>			
<i>Cash</i>	\$ 743,360	\$ 351,734	\$ 1,095,094
<i>Investments</i>	432,456	3,442,984	3,875,440
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	99,296	--	99,296
<i>Accounts</i>	--	29,997	29,997
<i>Interest</i>	362	3,705	4,067
<i>Miscellaneous</i>	24,575	--	24,575
Total Assets	<u>\$ 1,300,049</u>	<u>\$ 3,828,420</u>	<u>\$ 5,128,469</u>
<b>LIABILITIES</b>			
<i>Accounts payable</i>	\$ 10,808	\$ 114,227	\$ 125,035
<i>Accrued liabilities</i>	5,535	--	5,535
<i>Other liabilities</i>	3,334	--	3,334
Total Liabilities	<u>19,677</u>	<u>114,227</u>	<u>133,904</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<i>Deferred revenue</i>	691,159	--	691,159
Total Deferred Inflows of Resources	<u>691,159</u>	<u>--</u>	<u>691,159</u>
<b>FUND BALANCES</b>			
<i>Restricted</i>	815,572	--	815,572
<i>Committed</i>	353,077	3,714,193	4,067,270
<i>Unassigned</i>	(579,436)	--	(579,436)
Total Fund Balances	<u>589,213</u>	<u>3,714,193</u>	<u>4,303,406</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,300,049</u>	<u>\$ 3,828,420</u>	<u>\$ 5,128,469</u>

**CITY OF CORINTH, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 558,444	\$ --	\$ 558,444
<i>Hotel occupancy tax</i>	50,441	--	50,441
<i>Escrow and impact fees</i>	111,242	--	111,242
<i>Traffic fines and forfeitures</i>	32,505	--	32,505
<i>Police fees &amp; permits</i>	23,757	--	23,757
<i>Parks &amp; recreation fees</i>	14,374	--	14,374
<i>Fire services</i>	--	53,730	53,730
<i>Donations</i>	89,514	--	89,514
<i>Interest income</i>	3,995	14,167	18,162
<i>Miscellaneous income</i>	41,454	9,446	50,900
Total revenues	<u>925,726</u>	<u>77,343</u>	<u>1,003,069</u>
Expenditures:			
Current:			
<i>Public safety</i>	296,815	1,373,886	1,670,701
<i>Community services</i>	29,455	777,459	806,914
<i>Public works</i>	118,920	478,735	597,655
<i>Planning and community development</i>	--	14,330	14,330
<i>City administration</i>	5,650	--	5,650
Debt Service:			
<i>Principal</i>	--	81,832	81,832
<i>Interest</i>	--	19,010	19,010
Total Expenditures	<u>450,840</u>	<u>2,745,252</u>	<u>3,196,092</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>474,886</u>	<u>(2,667,909)</u>	<u>(2,193,023)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	287	2,609,908	2,610,195
<i>Transfers out</i>	(1,188,287)	(75,000)	(1,263,287)
<i>Capital leases</i>	--	839,890	839,890
Total Other Financing Sources (Uses)	<u>(1,188,000)</u>	<u>3,374,798</u>	<u>2,186,798</u>
Net Change in Fund Balances	(713,114)	706,889	(6,225)
Fund Balances - Beginning	<u>1,302,327</u>	<u>3,007,304</u>	<u>4,309,631</u>
Fund Balances - Ending	<u>\$ 589,213</u>	<u>\$ 3,714,193</u>	<u>\$ 4,303,406</u>

**CITY OF CORINTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2014**

	Crime Control & Prevention	Street Maintenance	Risk/ Insurance Claims Fund
<b>ASSETS</b>			
<i>Cash</i>	\$ 157,724	\$ 59,327	\$ 214,322
<i>Investments</i>	--	352,456	--
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	44,621	54,675	--
<i>Interest</i>	--	238	--
<i>Miscellaneous</i>	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 202,345</u>	<u>\$ 466,696</u>	<u>\$ 214,322</u>
<b>LIABILITIES</b>			
<i>Accounts payable</i>	\$ 1,484	\$ --	\$ 4,400
<i>Accrued liabilities</i>	5,172	--	--
<i>Other liabilities</i>	--	--	--
<i>Total Liabilities</i>	<u>6,656</u>	<u>--</u>	<u>4,400</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<i>Deferred revenue</i>	--	--	--
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES</b>			
<i>Restricted</i>	195,689	466,696	--
<i>Committed</i>	--	--	209,922
<i>Unassigned</i>	--	--	--
Total Fund Balances	<u>195,689</u>	<u>466,696</u>	<u>209,922</u>
<i>Total Liabilities, Deferred Inflows of Resources,     and Fund Balances</i>	<u>\$ 202,345</u>	<u>\$ 466,696</u>	<u>\$ 214,322</u>

Hotel Motel Tax	Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Parks Developmen t
\$ 59,307	\$ 84,201	\$ 14,471	\$ 44,826	\$ 69,216
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
4,800	19,775	--	--	--
<u>64,107</u>	<u>103,976</u>	<u>14,471</u>	<u>44,826</u>	<u>69,216</u>
\$ --	\$ 2,280	\$ --	\$ --	\$ 2,644
--	363	--	--	--
--	3,334	--	--	--
<u>--</u>	<u>5,977</u>	<u>--</u>	<u>--</u>	<u>2,644</u>
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
64,107	21,416	14,471	44,826	--
--	76,583	--	--	66,572
--	--	--	--	--
<u>64,107</u>	<u>97,999</u>	<u>14,471</u>	<u>44,826</u>	<u>66,572</u>
\$ <u>64,107</u>	\$ <u>103,976</u>	\$ <u>14,471</u>	\$ <u>44,826</u>	\$ <u>69,216</u>

**CITY OF CORINTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2014**

	TxDOT Grant	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS</b>			
<i>Cash</i>	\$ 8,367	\$ 31,599	\$ 743,360
<i>Investments</i>	--	80,000	432,456
Receivables (net of allowances for uncollectibles):			
<i>Sales taxes</i>	--	--	99,296
<i>Interest</i>	--	124	362
<i>Miscellaneous</i>	--	--	24,575
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 8,367</u>	<u>\$ 111,723</u>	<u>\$ 1,300,049</u>
<b>LIABILITIES</b>			
<i>Accounts payable</i>	\$ --	\$ --	\$ 10,808
<i>Accrued liabilities</i>	--	--	5,535
<i>Other liabilities</i>	--	--	3,334
<i>Total Liabilities</i>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<i>Deferred revenue</i>	--	691,159	691,159
Total Deferred Inflows of Resources	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>			
<i>Restricted</i>	8,367	--	815,572
<i>Committed</i>	--	--	353,077
<i>Unassigned</i>	--	(579,436)	(579,436)
Total Fund Balances	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Liabilities, Deferred Inflows of Resources,     and Fund Balances</i>	<u>\$ 8,367</u>	<u>\$ 111,723</u>	<u>\$ 1,300,049</u>



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**CITY OF CORINTH, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Crime Control & Prevention	Street Maintenance	Risk/ Insurance Claims Fund
Revenue:			
Taxes:			
<i>Sales</i>	\$ 258,859	\$ 299,585	\$ --
<i>Hotel occupancy tax</i>	--	--	--
<i>Escrow and impact fees</i>	--	--	--
<i>Traffic fines and forfeitures</i>	--	--	--
<i>Police fees &amp; permits</i>	--	--	--
<i>Parks &amp; recreation fees</i>	--	--	--
<i>Donations</i>	--	--	--
<i>Interest income</i>	343	2,094	529
<i>Miscellaneous income</i>	--	--	24,949
Total revenues	<u>259,202</u>	<u>301,679</u>	<u>25,478</u>
Expenditures:			
Current:			
<i>Public safety</i>	240,552	--	8,266
<i>Community services</i>	--	--	7,145
<i>Public works</i>	--	105,839	13,081
<i>City administration</i>	--	--	--
Total Expenditures	<u>240,552</u>	<u>105,839</u>	<u>28,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,650</u>	<u>195,840</u>	<u>(3,014)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	--	--
<i>Transfers out</i>	--	(937,000)	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>(937,000)</u>	<u>--</u>
Net Change in Fund Balances	18,650	(741,160)	(3,014)
Fund Balances - Beginning	<u>177,039</u>	<u>1,207,856</u>	<u>212,936</u>
Fund Balances - Ending	<u>\$ 195,689</u>	<u>\$ 466,696</u>	<u>\$ 209,922</u>

Hotel Motel Tax	Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Parks Developmen t
\$ --	\$ --	\$ --	\$ --	\$ --
50,441	--	--	--	--
--	--	--	--	--
--	2,580	12,808	17,117	--
--	23,757	--	--	--
--	14,374	--	--	--
--	8,714	--	--	80,800
70	216	15	88	149
--	16,505	--	--	--
<u>50,511</u>	<u>66,146</u>	<u>12,823</u>	<u>17,205</u>	<u>80,949</u>
--	47,997	--	--	--
--	--	--	3,776	18,534
--	--	--	--	--
--	5,650	--	--	--
<u>--</u>	<u>53,647</u>	<u>--</u>	<u>3,776</u>	<u>18,534</u>
<u>50,511</u>	<u>12,499</u>	<u>12,823</u>	<u>13,429</u>	<u>62,415</u>
--	287	--	--	--
--	(287)	(1,000)	--	--
--	--	(1,000)	--	--
50,511	12,499	11,823	13,429	62,415
<u>13,596</u>	<u>85,500</u>	<u>2,648</u>	<u>31,397</u>	<u>4,157</u>
<u>\$ 64,107</u>	<u>\$ 97,999</u>	<u>\$ 14,471</u>	<u>\$ 44,826</u>	<u>\$ 66,572</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, 2014

	TxDOT Grant	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:			
Taxes:			
<i>Sales</i>	\$ --	\$ --	\$ 558,444
<i>Hotel occupancy tax</i>	--	--	50,441
<i>Escrow and impact fees</i>	--	111,242	111,242
<i>Traffic fines and forfeitures</i>	--	--	32,505
<i>Police fees &amp; permits</i>	--	--	23,757
<i>Parks &amp; recreation fees</i>	--	--	14,374
<i>Donations</i>	--	--	89,514
<i>Interest income</i>	20	471	3,995
<i>Miscellaneous income</i>	--	--	41,454
Total revenues	<u>20</u>	<u>111,713</u>	<u>925,726</u>
Expenditures:			
Current:			
<i>Public safety</i>	--	--	296,815
<i>Community services</i>	--	--	29,455
<i>Public works</i>	--	--	118,920
<i>City administration</i>	--	--	5,650
Total Expenditures	<u>--</u>	<u>--</u>	<u>450,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20</u>	<u>111,713</u>	<u>474,886</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	--	287
<i>Transfers out</i>	--	(250,000)	(1,188,287)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(250,000)</u>	<u>(1,188,000)</u>
Net Change in Fund Balances	20	(138,287)	(713,114)
Fund Balances - Beginning	<u>8,347</u>	<u>(441,149)</u>	<u>1,302,327</u>
Fund Balances - Ending	<u>\$ 8,367</u>	<u>\$ (579,436)</u>	<u>\$ 589,213</u>

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**CITY OF CORINTH, TEXAS**  
*CRIME CONTROL & PREVENTION*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-5**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Sales</i>	\$ 235,028	\$ 258,859	\$ 23,831
<i>Interest income</i>	250	343	93
Total revenues	<u>235,278</u>	<u>259,202</u>	<u>23,924</u>
Expenditures:			
Current:			
<i>Public safety</i>	262,054	240,552	21,502
Total Expenditures	<u>262,054</u>	<u>240,552</u>	<u>21,502</u>
Net Change in Fund Balances	(26,776)	18,650	45,426
Fund Balances - Beginning	<u>177,039</u>	<u>177,039</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 150,263</u>	<u>\$ 195,689</u>	<u>\$ 45,426</u>

**CITY OF CORINTH, TEXAS**  
**STREET MAINTENANCE FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT C-6**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Sales</i>	\$ 279,795	\$ 299,585	\$ 19,790
<i>Interest income</i>	1,500	2,094	594
Total revenues	<u>281,295</u>	<u>301,679</u>	<u>20,384</u>
Expenditures:			
Current:			
<i>Public works</i>	172,000	105,839	66,161
Total Expenditures	<u>172,000</u>	<u>105,839</u>	<u>66,161</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>109,295</u>	<u>195,840</u>	<u>86,545</u>
Other Financing Sources (Uses):			
<i>Transfers out</i>	(937,000)	(937,000)	--
Total Other Financing Sources (Uses)	<u>(937,000)</u>	<u>(937,000)</u>	<u>--</u>
Net Change in Fund Balances	(827,705)	(741,160)	86,545
Fund Balances - Beginning	<u>1,207,856</u>	<u>1,207,856</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 380,151</u>	<u>\$ 466,696</u>	<u>\$ 86,545</u>

**CITY OF CORINTH, TEXAS**  
HOTEL MOTEL TAX FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**EXHIBIT C-7**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Hotel occupancy tax</i>	\$ 38,000	\$ 50,441	\$ 12,441
<i>Interest income</i>	--	70	70
Total revenues	<u>38,000</u>	<u>50,511</u>	<u>12,511</u>
Net Change in Fund Balances	38,000	50,511	12,511
Fund Balances - Beginning	<u>13,596</u>	<u>13,596</u>	- -
Fund Balances - Ending	<u>\$ 51,596</u>	<u>\$ 64,107</u>	<u>\$ 12,511</u>



**CITY OF CORINTH, TEXAS**  
MUNICIPAL COURT SECURITY FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT C-8

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Traffic fines and forfeitures</i>	\$ 12,000	\$ 12,808	\$ 808
<i>Interest income</i>	--	15	15
Total revenues	<u>12,000</u>	<u>12,823</u>	<u>823</u>
Other Financing Sources (Uses):			
<i>Transfers out</i>	<u>(12,000)</u>	<u>(1,000)</u>	<u>11,000</u>
Total Other Financing Sources (Uses)	<u>(12,000)</u>	<u>(1,000)</u>	<u>11,000</u>
Net Change in Fund Balances	--	11,823	11,823
Fund Balances - Beginning	<u>2,648</u>	<u>2,648</u>	<u>- -</u>
Fund Balances - Ending	<u>\$ 2,648</u>	<u>\$ 14,471</u>	<u>\$ 11,823</u>

**CITY OF CORINTH, TEXAS**  
MUNICIPAL COURT TECHNOLOGY FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

**EXHIBIT C-9**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Traffic fines and forfeitures</i>	\$ 15,000	\$ 17,117	\$ 2,117
<i>Interest income</i>	--	88	88
Total revenues	<u>15,000</u>	<u>17,205</u>	<u>2,205</u>
Expenditures:			
Current:			
<i>Community services</i>	14,840	3,776	11,064
Total Expenditures	<u>14,840</u>	<u>3,776</u>	<u>11,064</u>
Net Change in Fund Balances	160	13,429	13,269
Fund Balances - Beginning	<u>31,397</u>	<u>31,397</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 31,557</u>	<u>\$ 44,826</u>	<u>\$ 13,269</u>

**CITY OF CORINTH, TEXAS**  
*PARKS DEVELOPMENT FUND*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-10**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Donations</i>	\$ 50,000	\$ 80,800	\$ 30,800
<i>Interest income</i>	--	149	149
Total revenues	<u>50,000</u>	<u>80,949</u>	<u>30,949</u>
Expenditures:			
Current:			
<i>Community services</i>	26,464	18,534	7,930
Total Expenditures	<u>26,464</u>	<u>18,534</u>	<u>7,930</u>
Net Change in Fund Balances	23,536	62,415	38,879
Fund Balances - Beginning	<u>4,157</u>	<u>4,157</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 27,693</u>	<u>\$ 66,572</u>	<u>\$ 38,879</u>

**CITY OF CORINTH, TEXAS**  
*DEBT SERVICE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

**EXHIBIT C-11**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
<i>Property</i>	\$ 2,049,976	\$ 2,054,988	\$ 5,012
<i>Interest income</i>	--	3,752	3,752
Total revenues	<u>2,049,976</u>	<u>2,058,740</u>	<u>8,764</u>
Expenditures:			
Debt Service:			
<i>Principal</i>	1,810,650	1,810,650	--
<i>Interest</i>	679,663	674,994	4,669
Total Expenditures	<u>2,490,313</u>	<u>2,485,644</u>	<u>4,669</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(440,337)</u>	<u>(426,904)</u>	<u>13,433</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	19,278	19,278	--
Total Other Financing Sources (Uses)	<u>19,278</u>	<u>19,278</u>	<u>--</u>
Net Change in Fund Balances	(421,059)	(407,626)	13,433
Fund Balances - Beginning	<u>735,662</u>	<u>735,662</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 314,603</u>	<u>\$ 328,036</u>	<u>\$ 13,433</u>

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**CITY OF CORINTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2014**

	Governmental Capital Projects	Vehicle Replacement Fund	LCFD Vehicle & Equipment Replacement
<b>ASSETS</b>			
<i>Cash</i>	\$ 39,670	\$ 93,931	\$ 32,605
<i>Investments</i>	2,268,665	125,027	225,049
Receivables (net of allowances for uncollectibles):			
<i>Accounts</i>	--	--	29,997
<i>Interest</i>	1,078	--	--
Total Assets	<u>\$ 2,309,413</u>	<u>\$ 218,958</u>	<u>\$ 287,651</u>
<b>LIABILITIES</b>			
<i>Accounts payable</i>	\$ 31,729	\$ --	\$ --
Total Liabilities	<u>31,729</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES</b>			
<i>Committed</i>	<u>2,277,684</u>	<u>218,958</u>	<u>287,651</u>
Total Fund Balances	<u>2,277,684</u>	<u>218,958</u>	<u>287,651</u>
Total Liabilities and Fund Balances	<u>\$ 2,309,413</u>	<u>\$ 218,958</u>	<u>\$ 287,651</u>

<u>Tech Equipment Replacement</u>	<u>Street Escrow Fund</u>	<u>2004 Tax Notes Fund</u>	<u>2007 CO Streets Fund</u>
\$ 3,448	\$ 63,611	\$ 18,443	\$ 14,365
--	237,641	--	586,602
--	--	--	--
--	--	--	2,627
<u>\$ 3,448</u>	<u>\$ 301,252</u>	<u>\$ 18,443</u>	<u>\$ 603,594</u>
\$ --	\$ --	\$ --	\$ 81,805
--	--	--	81,805
3,448	301,252	18,443	521,789
3,448	301,252	18,443	521,789
<u>\$ 3,448</u>	<u>\$ 301,252</u>	<u>\$ 18,443</u>	<u>\$ 603,594</u>

**CITY OF CORINTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2014**

	2007 CO Tech Fund	2010 CO Fire Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS</b>			
<i>Cash</i>	\$ 27,371	\$ 58,290	\$ 351,734
<i>Investments</i>	--	--	3,442,984
Receivables (net of allowances for uncollectibles):			
<i>Accounts</i>	--	--	29,997
<i>Interest</i>	--	--	3,705
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u>27,371</u>	\$ <u>58,290</u>	\$ <u>3,828,420</u>
<b>LIABILITIES</b>			
<i>Accounts payable</i>	\$ 277	\$ 416	\$ 114,227
Total Liabilities	<u>277</u>	<u>416</u>	<u>114,227</u>
<b>FUND BALANCES</b>			
<i>Committed</i>	<u>27,094</u>	<u>57,874</u>	<u>3,714,193</u>
Total Fund Balances	<u>27,094</u>	<u>57,874</u>	<u>3,714,193</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	\$ <u>27,371</u>	\$ <u>58,290</u>	\$ <u>3,828,420</u>



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**CITY OF CORINTH, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Governmental Capital Projects	Vehicle Replacement Fund	LCFD Vehicle & Equipment Replacement
Revenue:			
<i>Fire services</i>	\$ --	\$ --	\$ 53,730
<i>Interest income</i>	10,096	607	584
<i>Miscellaneous income</i>	--	--	6,000
Total revenues	<u>10,096</u>	<u>607</u>	<u>60,314</u>
Expenditures:			
Current:			
<i>Public safety</i>	288,125	184,712	862,965
<i>Community services</i>	777,459	--	--
<i>Public works</i>	298,629	--	--
<i>Planning and community development</i>	--	--	--
Debt Service:			
<i>Principal</i>	--	--	81,832
<i>Interest</i>	--	--	15,455
Total Expenditures	<u>1,364,213</u>	<u>184,712</u>	<u>960,252</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,354,117)</u>	<u>(184,105)</u>	<u>(899,938)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	1,906,500	75,000	74,375
<i>Transfers out</i>	--	--	--
<i>Capital leases</i>	--	--	839,890
Total Other Financing Sources (Uses)	<u>1,906,500</u>	<u>75,000</u>	<u>914,265</u>
Net Change in Fund Balances	552,383	(109,105)	14,327
Fund Balances - Beginning	<u>1,725,301</u>	<u>328,063</u>	<u>273,324</u>
Fund Balances - Ending	<u>\$ 2,277,684</u>	<u>\$ 218,958</u>	<u>\$ 287,651</u>

Tech Equipment Replacement	Street Escrow Fund	2004 Tax Notes Fund	2007 CO Streets Fund
\$ --	\$ --	\$ --	\$ --
2	1,331	51	1,146
3,446	--	--	--
<u>3,448</u>	<u>1,331</u>	<u>51</u>	<u>1,146</u>
--	--	--	--
--	--	--	--
--	--	3,055	180,106
--	--	--	--
--	--	--	2,612
--	--	3,055	182,718
<u>3,448</u>	<u>1,331</u>	<u>(3,004)</u>	<u>(181,572)</u>
--	--	--	554,033
--	(75,000)	--	--
--	--	--	--
--	<u>(75,000)</u>	--	<u>554,033</u>
3,448	(73,669)	(3,004)	372,461
--	374,921	21,447	149,328
<u>\$ 3,448</u>	<u>\$ 301,252</u>	<u>\$ 18,443</u>	<u>\$ 521,789</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, 2014

	2007 CO Tech Fund	2010 CO Fire Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenue:			
<i>Fire services</i>	\$ --	\$ --	\$ 53,730
<i>Interest income</i>	91	259	14,167
<i>Miscellaneous income</i>	--	--	9,446
Total revenues	<u>91</u>	<u>259</u>	<u>77,343</u>
Expenditures:			
Current:			
<i>Public safety</i>	--	38,084	1,373,886
<i>Community services</i>	--	--	777,459
<i>Public works</i>	--	--	478,735
<i>Planning and community development</i>	11,275	--	14,330
Debt Service:			
<i>Principal</i>	--	--	81,832
<i>Interest</i>	277	666	19,010
Total Expenditures	<u>11,552</u>	<u>38,750</u>	<u>2,745,252</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,461)</u>	<u>(38,491)</u>	<u>(2,667,909)</u>
Other Financing Sources (Uses):			
<i>Transfers in</i>	--	--	2,609,908
<i>Transfers out</i>	--	--	(75,000)
<i>Capital leases</i>	--	--	839,890
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>3,374,798</u>
Net Change in Fund Balances	(11,461)	(38,491)	706,889
Fund Balances - Beginning	<u>38,555</u>	<u>96,365</u>	<u>3,007,304</u>
Fund Balances - Ending	<u>\$ 27,094</u>	<u>\$ 57,874</u>	<u>\$ 3,714,193</u>

**CORINTH ECONOMIC DEVELOPMENT CORPORATION**

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Economic Development Corporation
ASSETS	
<i>Cash</i>	\$ 142,672
<i>Investments</i>	2,510,521
Receivables (net of allowances for uncollectibles):	
<i>Sales taxes</i>	109,346
<i>Interest</i>	<u>5,864</u>
Total Assets	<u>\$ 2,768,403</u>
LIABILITIES:	
<i>Accounts payable</i>	<u>\$ 2</u>
Total Liabilities	<u>2</u>
Fund Balances:	
<i>Restricted</i>	<u>2,768,401</u>
Total Fund Balances	<u>2,768,401</u>
Total Liabilities and Fund Balances	<u>\$ 2,768,403</u>

**CITY OF CORINTH, TEXAS****EXHIBIT C-15**

DISCRETELY PRESENTED COMPONENT UNIT  
 CORINTH ECONOMIC DEVELOPMENT CORPORATION  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Final</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Sales</i>	\$ 559,591	\$ 599,148	\$ 39,557
<i>Interest income</i>	8,500	65,512	57,012
Total revenues	<u>568,091</u>	<u>664,660</u>	<u>96,569</u>
Expenditures:			
Current:			
<i>Planning and community development</i>	420,356	338,896	81,460
Total Expenditures	<u>420,356</u>	<u>338,896</u>	<u>81,460</u>
Net Change in Fund Balances	147,735	325,764	178,029
Fund Balances - Beginning	<u>2,442,637</u>	<u>2,442,637</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 2,590,372</u>	<u>\$ 2,768,401</u>	<u>\$ 178,029</u>

## **STATISTICAL SECTION**

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## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	87
<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	92
<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	99
<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	103
<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	106
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

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

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TABLE D-1

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 43,970,301	\$ 42,786,734	\$ 42,456,235	\$ 40,684,154	\$ 41,050,434	\$ 39,858,647	\$ 41,537,428	\$ 38,965,723	\$ 37,401,599	\$ 36,991,003
Restricted	977,578	2,951,097	3,109,568	3,020,980	795,115	6,713,859	2,400,976	2,614,336	3,776,495	4,078,719
Unrestricted	6,225,345	5,847,984	5,765,421	6,112,583	8,395,075	2,683,382	6,854,904	6,708,569	5,660,613	4,522,015
Total Governmental Activities Net Assets	\$ 51,174,224	\$ 51,585,815	\$ 51,328,224	\$ 49,817,717	\$ 50,240,624	\$ 49,255,888	\$ 50,793,308	\$ 48,288,628	\$ 46,838,707	\$ 45,591,737
<b>Business-type Activities</b>										
Invested in Capital Assets,	\$ 12,462,107	\$ 13,801,367	\$ 16,086,482	\$ 15,604,347	\$ 15,881,901	\$ 17,746,701	\$ 19,490,897	\$ 21,783,319	\$ 21,861,416	\$ 21,552,151
Net of Related Debt	1,364,100	--	--	--	--	5,883,737	5,858,618	--	--	--
Unrestricted	799,118	2,625,039	3,295,736	5,229,817	5,638,822	23,630,438	25,349,515	6,216,578	6,897,008	6,250,406
Total Business-type Activities Net Assets	\$ 14,625,325	\$ 16,426,406	\$ 19,382,222	\$ 20,834,164	\$ 21,520,723	\$ 23,630,438	\$ 25,349,515	\$ 27,999,897	\$ 28,558,424	\$ 27,802,557
<b>Primary Government</b>										
Invested in Capital Assets,	\$ 58,748,420	\$ 58,904,113	\$ 60,658,739	\$ 56,288,501	\$ 56,932,335	\$ 57,605,348	\$ 61,028,325	\$ 60,749,042	\$ 59,063,015	\$ 58,543,154
Net of Related Debt	2,341,678	2,951,097	10,880,788	3,020,980	795,115	6,713,859	2,400,976	2,614,336	3,776,495	4,078,719
Unrestricted	7,025,463	8,473,023	1,286,937	11,342,400	14,033,897	8,567,119	12,713,522	12,925,147	12,557,621	10,772,421
Total Primary Government Net Assets	\$ 68,115,561	\$ 70,328,233	\$ 73,026,464	\$ 70,651,881	\$ 71,761,347	\$ 72,886,326	\$ 76,142,823	\$ 76,288,525	\$ 75,397,131	\$ 73,394,294

**Governmental Activities:**

- (1) 2007 restated for debt reallocation.
- (2) 2005 through 2009 restated for correction of basis in streets
- (3) 2009 restated for reclassification of fund
- (5) 2012 restated for implementation of GASB-63 and GASB65

**Business-type Activities**

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

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

	2005	2006	2007 (1)	2008 (2)	2009	2010	2011	2012 (3)	2013	2014
<b>Expenses</b>										
Governmental Activities:										
Public safety										
Fire	\$ 2,157,823	\$ 2,570,307	\$ 2,745,345	\$ 6,891,366	\$ 7,956,599	\$ 7,716,433	\$ 7,454,086	\$ 7,769,391	\$ 8,188,441	\$ 8,558,062
Community services	1,475,376	1,565,570	1,995,931	--	--	--	--	--	--	--
Culture & Recreation	1,173,264	1,649,758	1,805,271	1,950,842	2,452,756	1,979,094	1,713,873	1,729,610	1,740,402	1,735,618
Public works	--	4,105,885	4,065,127	4,571,006	1,784,753	4,152,860	4,288,961	4,829,902	4,726,964	4,655,417
Highways & Streets	3,415,957	--	--	--	--	--	--	--	--	--
Planning and community development	--	596,687	744,218	810,774	877,117	875,457	709,683	730,829	731,234	715,554
Community development	350,040	--	--	--	--	--	--	--	--	--
Economic development	206,577	--	--	--	--	--	--	--	--	--
City administration	--	594,134	713,750	1,425,905	1,340,171	1,876,455	1,663,492	1,607,926	1,631,852	1,854,669
Financial and administrative services	--	725,165	949,085	702,155	686,977	688,069	634,749	655,335	662,238	665,351
General Government	1,811,599	--	--	--	--	--	--	--	--	--
Interest on Long-Term Debt	769,953	578,365	530,981	894,159	969,752	920,663	809,445	821,597	743,848	702,883
Total Governmental Activities Expenses	11,360,389	12,385,871	13,549,708	17,246,207	16,068,125	18,209,031	17,254,289	18,144,590	18,424,979	18,887,554
Business-type Activities:										
Water and Wastewater	7,775,047	8,384,025	8,353,563	9,959,789	10,356,404	10,261,683	9,981,826	10,198,636	10,429,711	10,645,670
Storm Water Utility	295,597	207,768	347,612	464,127	510,190	527,768	449,894	520,098	515,487	571,624
Total Business-type Activities Expenses	8,070,644	8,591,793	8,701,175	10,423,916	10,866,594	10,789,451	10,431,720	10,718,734	10,945,198	11,217,294
Total Primary Government Expenses	\$ 19,431,033	\$ 20,977,664	\$ 22,250,883	\$ 27,670,123	\$ 26,934,719	\$ 28,998,482	\$ 27,686,009	\$ 28,863,324	\$ 29,370,177	\$ 30,104,848
Program Revenues										
Governmental Activities:										
Charges for Services:										
Public safety	\$ 492,359	\$ 133,700	\$ 171,534	\$ 2,442,177	\$ 3,028,462	\$ 2,858,365	\$ 3,218,248	\$ 3,036,630	\$ 3,316,940	\$ 3,595,280
Community services	--	774,741	750,410	208,352	178,695	197,322	305,958	318,297	312,490	377,982
Public Works	--	--	--	--	--	--	340,413	72,087	25,895	111,242
Culture & Recreation	130,454	--	--	--	--	--	--	--	--	--
Planning and community development	--	661,209	493,749	416,347	297,861	298,676	564,447	364,980	342,817	488,706
City administration	--	7,890	13,972	--	--	--	--	--	--	94,979
Finance and administrative services	--	252,636	559,992	881,951	1,024,019	1,180,425	177,273	88,599	--	--
General Government	1,147,641	--	--	--	--	--	--	--	--	--
Operating Grants and Contributions	159,282	211,840	202,291	271,544	107,572	166,836	152,477	101,458	144,879	284,954
Capital Grants and Contributions	5,786	688,101	1,055,742	725,200	171,306	1,243,666	858,404	944,835	551,016	--
Total Governmental Activities Program Revenues	1,933,522	2,729,937	3,247,690	4,945,571	4,807,915	5,945,290	5,617,220	4,926,886	4,694,037	4,953,143
Business-type Activities:										
Charges for Services:										
Water and Wastewater	7,200,377	8,624,995	8,706,440	10,169,565	10,306,400	11,094,103	12,221,335	11,715,891	11,582,827	10,648,512
Storm Water Utility	295,598	364,504	432,848	495,193	552,871	587,074	552,916	655,400	667,215	680,128
Operating Grants and Contributions	1,208,704	--	--	--	--	--	--	--	--	--
Capital Grants and Contributions	--	1,265,180	2,127,103	2,071,941	649,055	1,255,490	1,303,744	581,490	192,927	176,068
Total Business-type Activities Program Revenues	8,704,679	10,254,679	11,265,391	12,736,699	11,508,326	12,936,667	14,077,995	12,952,781	12,442,969	11,504,708
Total Primary Government Program Revenues	\$ 10,640,201	\$ 12,984,616	\$ 14,514,081	\$ 17,682,270	\$ 16,316,241	\$ 18,881,957	\$ 19,695,215	\$ 17,879,667	\$ 17,137,006	\$ 16,457,851
Net (Expense)/Revenue										
Governmental Activities	\$ (9,424,867)	\$ (9,655,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)	\$ (13,217,704)	\$ (13,730,942)	\$ (13,934,411)
Business-type Activities	634,035	1,662,886	2,565,216	2,312,783	641,732	2,147,216	3,646,275	2,234,047	1,497,771	287,414
Total Primary Government Net Expense	\$ (8,790,832)	\$ (7,993,048)	\$ (7,736,802)	\$ (9,987,853)	\$ (10,618,478)	\$ (10,116,525)	\$ (7,990,794)	\$ (10,983,657)	\$ (12,233,171)	\$ (13,646,997)

(1) 2007 restated for debt reallocation.  
(2) During 2008, the City acquired the Lake Cities Fire Department from other participating cities. Expenses incurred before and after acquisition are reported in public safety.  
(3) 2012 restated for implementation of GASB-63 and GASB-65

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

	Fiscal Year									
	2005	2006	2007 (1)	2008 (2)	2009	2010	2011	2012 (3)	2013	2014
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (9,424,867)	\$ (9,635,934)	\$ (10,302,018)	\$ (12,300,636)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)	\$ (13,217,704)	\$ (13,730,942)	\$ (13,934,411)
Business-type Activities	634,034	1,662,886	2,565,216	2,312,783	641,732	2,147,216	3,646,275	2,234,047	1,497,771	287,414
Total Primary Government Net Expense	<u>(8,790,833)</u>	<u>(7,973,048)</u>	<u>(7,736,802)</u>	<u>(9,987,853)</u>	<u>(10,618,478)</u>	<u>(10,116,525)</u>	<u>(7,990,794)</u>	<u>(10,983,657)</u>	<u>(12,233,171)</u>	<u>(13,646,997)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Taxes										
Property Taxes	6,841,794	6,894,264	7,362,347	7,784,085	8,288,285	8,117,648	8,236,635	8,292,788	8,501,824	8,674,195
Sales Taxes	1,114,945	1,441,016	1,539,307	1,523,963	1,017,734	1,463,459	1,591,901	1,689,889	1,728,567	1,822,924
Franchise Taxes	742,121	1,289,688	667,199	894,191	1,456,065	919,700	1,083,786	1,065,097	967,846	1,039,646
Other Taxes	4,169	--	--	--	--	--	--	--	--	--
Miscellaneous	236,163	37,082	46,395	73,884	95,154	20,050	34,555	143,809	38,121	13,925
Investment Earnings	114,676	427,975	562,353	740,740	318,460	207,718	98,465	63,010	49,427	53,968
Special item inflow (outflow)	--	--	--	(1,742,435)	--	--	(700,000)	(134,385)	8,556	--
Transfers	(486,669)	(22,500)	(138,510)	1,515,701	360,418	550,426	2,734,363	(269,093)	986,679	1,082,783
Total Governmental Activities	<u>8,567,199</u>	<u>10,067,525</u>	<u>10,039,091</u>	<u>10,790,129</u>	<u>11,536,116</u>	<u>11,279,001</u>	<u>13,079,705</u>	<u>10,851,115</u>	<u>12,281,020</u>	<u>12,687,441</u>
Business-type Activities:										
Miscellaneous	19,606	19,983	103,243	11,212	53,980	355,428	31,859	11,738	5,145	10,216
Investment Earnings	120,742	95,712	164,855	643,642	295,606	157,497	75,308	59,488	42,290	29,280
Special item inflow (outflow)	--	--	--	--	--	--	700,000	134,385	--	--
Transfers	485,120	22,500	138,510	(1,515,701)	(360,418)	(550,426)	(2,734,363)	269,093	(986,679)	(1,082,783)
Total Business-type Activities	<u>625,468</u>	<u>138,195</u>	<u>406,608</u>	<u>(860,847)</u>	<u>(10,832)</u>	<u>(37,501)</u>	<u>(1,927,196)</u>	<u>474,704</u>	<u>(939,244)</u>	<u>(1,043,287)</u>
Total Primary Government	<u>9,192,667</u>	<u>10,205,720</u>	<u>10,445,699</u>	<u>9,929,282</u>	<u>11,525,284</u>	<u>11,241,500</u>	<u>11,152,509</u>	<u>11,325,819</u>	<u>11,341,776</u>	<u>11,644,154</u>
Change in Net Assets	(857,668)	411,771	(262,927)	(1,510,507)	275,906	(984,740)	1,442,636	(2,366,589)	(1,449,922)	(1,246,970)
Governmental Activities	1,259,502	1,801,081	2,971,824	1,451,936	630,900	2,109,715	1,719,079	2,708,751	558,527	(755,873)
Business-type Activities	401,834	2,212,852	2,708,897	(58,571)	906,806	1,124,975	3,161,715	342,162	(891,395)	(2,002,843)
Total Primary Government	<u>\$ 1,661,336</u>	<u>\$ 4,013,933</u>	<u>\$ 5,680,721</u>	<u>\$ 1,393,365</u>	<u>\$ 1,537,706</u>	<u>\$ 3,234,690</u>	<u>\$ 4,880,794</u>	<u>\$ 3,050,913</u>	<u>\$ 467,132</u>	<u>\$ (2,248,813)</u>

(1) 2007 restated for debt reallocation.  
(2) During 2008, the City acquired the Lake Cities Fire Department from other participating cities. Expenses incurred before and after acquisition are reported in public safety.  
(3) 2012 is restated for implementation of GASB-63 and -65.

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

	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014
<b>General Fund</b>										
Reserved	\$ 60,234	\$ 88,311	\$ 152,119	\$ 185,245	\$ 103,982	\$ 143,025	\$ --	\$ --	\$ --	\$ --
Non-Spendable	--	--	--	--	--	--	216,714	207,874	211,465	222,652
Committed	--	--	--	--	--	--	--	--	--	--
Unreserved	4,016,196	5,574,219	6,038,090	4,559,689	4,337,600	3,730,485	--	--	--	--
Unassigned	--	--	--	--	--	--	4,552,509	5,246,830	3,950,657	3,587,445
<b>Total General Fund</b>	<b>\$ 4,076,430</b>	<b>\$ 5,662,349</b>	<b>\$ 6,190,209</b>	<b>\$ 4,744,934</b>	<b>\$ 4,441,582</b>	<b>\$ 3,873,510</b>	<b>\$ 4,769,223</b>	<b>\$ 5,454,704</b>	<b>\$ 4,162,122</b>	<b>\$ 3,810,097</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 1,811,859	\$ 1,259,957	\$ 1,517,764	\$ 1,130,120	\$ 2,660,627	\$ 4,666,027	\$ --	\$ --	\$ --	\$ --
Restricted	--	--	--	--	--	--	4,427,759	2,323,442	2,199,692	1,143,608
Committed	--	--	--	--	--	--	1,170,771	2,124,934	3,286,748	4,067,270
Unreserved, Reported In:										
Special Revenue Funds	247,791	792,626	1,190,922	1,472,819	1,862,162	1,879,248	--	--	--	--
Capital Projects Funds	930,290	1,672,512	9,324,007	10,639,614	7,670,458	2,054,708	--	--	--	--
Unassigned	--	--	--	--	--	--	(268,858)	(610,049)	(441,149)	(579,436)
<b>Total All Other Governmental Funds</b>	<b>\$ 2,989,940</b>	<b>\$ 3,725,095</b>	<b>\$ 12,032,693</b>	<b>\$ 13,242,553</b>	<b>\$ 12,193,247</b>	<b>\$ 8,599,983</b>	<b>\$ 5,329,672</b>	<b>\$ 3,838,327</b>	<b>\$ 5,045,291</b>	<b>\$ 4,631,442</b>

(1) GASB-54 was implemented in 2011

TABLE D-5

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

	2005	2006	2007 (1)	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 8,779,829	\$ 9,618,306	\$ 9,498,132	\$ 10,247,707	\$ 10,771,375	\$ 10,530,117	\$ 10,911,621	\$ 11,048,433	\$ 11,210,497	\$ 11,538,485
Licenses, Fees and Permits	916,794	661,652	468,395	400,375	283,232	304,009	1,091,761	661,689	285,165	903,407
Fines and Penalties	393,693	657,395	627,529	670,529	700,857	652,755	634,141	577,101	974,231	723,174
Charges for Services	423,299	468,651	782,146	2,639,945	3,256,122	3,529,997	2,547,590	2,531,739	2,534,668	2,826,329
Investment Earnings	91,574	427,975	562,354	740,741	318,461	207,717	98,464	63,010	49,427	53,967
Donations	--	--	--	--	--	713,564	1,012,607	947,567	571,827	89,514
Special Assessments	--	--	134,798	251,200	114,719	110,972	--	--	--	--
Intergovernmental	--	64,138	182,512	256,369	97,101	269,142	--	--	--	--
Other Revenues	323,557	433,153	48,776	613,801	99,494	63,697	160,528	205,271	190,849	82,083
<b>Total Revenues</b>	<b>10,928,746</b>	<b>12,331,270</b>	<b>12,304,639</b>	<b>15,820,667</b>	<b>15,641,361</b>	<b>16,381,970</b>	<b>16,456,712</b>	<b>16,034,810</b>	<b>15,816,664</b>	<b>16,216,959</b>
<b>Expenditures</b>										
Public safety	2,157,623	2,532,277	2,682,837	8,120,829	7,740,539	8,241,429	8,073,621	7,520,802	8,393,476	9,422,471
Fire	1,475,376	1,565,570	1,995,931	--	--	--	--	--	--	--
Community services	--	1,722,157	1,662,575	1,888,806	2,309,808	1,825,414	1,752,265	1,794,276	2,113,911	2,405,814
Culture & Recreation	1,079,253	--	--	--	--	--	--	--	--	--
Public works	--	1,678,825	1,471,635	1,464,051	929,424	876,510	1,640,574	1,222,644	878,847	1,483,829
Highways & Streets	1,051,563	--	--	--	--	--	--	--	--	--
Planning and community development	--	584,199	731,568	822,157	855,155	872,953	699,586	751,109	727,249	718,253
Community development	350,040	--	--	--	--	--	--	--	--	--
Economic development	206,577	--	--	--	--	--	--	--	--	--
City administration	--	471,180	573,526	1,237,314	1,498,948	1,659,476	1,454,431	1,444,883	1,591,760	1,636,334
Finance and administrative services	--	669,849	895,690	705,898	685,409	672,763	614,157	641,484	655,646	652,321
General Government	2,159,873	--	--	1,185,301	973,949	--	--	--	--	--
Capital Outlay	--	--	--	--	--	6,098,235	5,122,041	890,602	27,648	--
Debt Service										
Principal	1,415,000	1,437,500	781,750	1,257,650	1,494,683	1,480,700	1,456,375	1,534,125	1,743,686	1,892,482
Interest	753,583	587,389	516,490	889,048	919,943	870,581	847,405	813,965	756,738	694,004
Bond issuance costs	--	65,363	149,074	728	1,107	27,827	--	--	--	--
<b>Total Expenditures</b>	<b>10,644,870</b>	<b>11,314,309</b>	<b>11,461,076</b>	<b>17,571,782</b>	<b>17,408,965</b>	<b>22,625,888</b>	<b>21,660,455</b>	<b>16,613,890</b>	<b>16,888,961</b>	<b>18,905,508</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>283,876</b>	<b>938,610</b>	<b>843,563</b>	<b>(1,751,115)</b>	<b>(1,767,604)</b>	<b>(6,243,918)</b>	<b>(5,203,743)</b>	<b>(579,080)</b>	<b>(1,072,297)</b>	<b>(2,688,549)</b>
<b>Other Financing Sources (Uses)</b>										
Bonds issued	1,200,000	3,962,400	12,139,950	--	--	1,500,000	--	--	--	--
Payments to Escrow Agent	--	(4,025,732)	(4,288,930)	--	--	--	--	--	--	--
Bond premium/discount	--	36,272	187,925	--	--	--	--	--	--	--
Capital Lease	107,346	--	--	5,434	--	--	--	--	--	839,890
Sale of capital assets	--	--	91,460	--	--	--	--	42,309	--	--
Transfers In (Out)	--	309,009	(138,510)	1,515,701	360,418	550,426	2,734,363	(269,093)	986,679	1,082,783
<b>Total Other Financing Sources (uses)</b>	<b>1,307,346</b>	<b>281,949</b>	<b>7,991,895</b>	<b>1,515,701</b>	<b>365,852</b>	<b>2,050,426</b>	<b>2,734,363</b>	<b>(226,784)</b>	<b>986,679</b>	<b>1,922,673</b>
<b>Net Change in Fund Balances</b>	<b>1,591,222</b>	<b>1,298,910</b>	<b>8,835,458</b>	<b>(235,414)</b>	<b>(1,401,752)</b>	<b>(4,193,492)</b>	<b>(2,469,380)</b>	<b>(805,864)</b>	<b>(85,618)</b>	<b>(765,876)</b>
<b>Debt Service As A Percentage</b>										
Of Noncapital Expenditures	25.30%	21.90%	12.80%	12.80%	15.20%	15.16%	15.51%	15.68%	16.18%	16.04%

(1) 2007 restated.

TABLE D-6

**CITY OF CORINTH, TEXAS**

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

Fiscal Year	Property Tax	Sales & Hotel Tax	Franchise Tax	Total
2005	\$ 4,762,241	\$ 952,897	\$ 733,510	\$ 6,448,648
2006	6,887,602	1,441,016	1,289,688	9,618,306
2007 (1)	7,291,626	1,539,307	667,199	9,498,132
2008	7,829,553	1,523,963	894,191	10,247,707
2009	8,297,576	1,456,065	1,017,734	10,771,375
2010	8,142,985	1,463,459	923,673	10,530,117
2011	8,235,934	1,591,901	1,083,786	10,911,621
2012	8,293,447	1,689,889	1,065,097	11,048,433
2013	8,514,084	1,728,567	967,846	11,210,497
2014	8,675,915	1,822,924	1,039,646	11,538,485
Percent Change 2003-2012	82.2%	91.3%	41.7%	78.9%

(1) 2007 restated.



TABLE D-7

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

Fiscal Year	Residential Property	Commercial, Ag, and Mineral Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2005	\$ 1,008,448,363	\$ 181,575,304	\$ 3,795,317	\$ 1,186,228,350	0.56062	\$ 1,196,002,733	99.183%
2006	1,042,745,727	184,523,945	12,223,388	1,215,046,284	0.55698	1,225,470,133	99.149%
2007	1,196,414,635	176,068,505	25,555,712	1,346,927,428	0.55698	1,372,483,140	98.138%
2008	1,211,631,679	195,599,938	10,384,265	1,396,847,352	0.55698	1,417,615,882	98.535%
2009	1,187,265,640	190,126,178	16,522,699	1,360,869,119	0.57700	1,393,914,517	97.629%
2010	1,153,359,201	325,754,337	92,100,190	1,387,013,348	0.57700	1,387,013,348	100.000%
2011	1,252,309,929	234,688,468	96,489,458	1,390,508,939	0.59292	1,390,508,939	100.000%
2012	1,211,861,253	268,045,937	88,120,582	1,391,786,608	0.59135	1,391,786,608	100.000%
2013	1,201,904,159	283,761,674	88,447,340	1,397,218,493	0.60489	1,397,218,493	100.000%
2014	1,221,191,136	295,352,467	85,760,821	1,430,782,782	0.60489	1,430,782,782	100.000%

Source: Denton Central Appraisal District.

TABLE D-8

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

Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Denton Independent School District	Lake Dallas Independent School District	Corinth Municipal Utility District	Denton County
2005	\$ 0.39332	\$ 0.16730	\$ 0.56062	\$ 1.86400	\$ 1.79500	\$ 0.32100	\$ 0.25480
2006	0.43239	0.12459	0.55698	1.86400	1.86000	0.31000	0.24648
2007	0.42739	0.12959	0.55698	1.76400	1.79000	0.31000	0.23192
2008	0.44739	0.10959	0.55698	1.49000	1.65000	0.31000	0.23580
2009	0.43852	0.13846	0.57698	1.49000	1.65000	0.21000	0.24980
2010	0.43850	0.13850	0.57700	1.53000	1.67000	0.15000	0.27390
2011	0.44946	0.14346	0.59292	1.53000	1.67000	--	0.27740
2012	0.44789	0.14346	0.59135	1.53000	1.67000	--	0.27740
2013	0.46143	0.14346	0.60489	1.53000	1.67000	--	0.27740
2014	0.46143	0.14346	0.60489	1.53000	1.67000	--	0.28490

Source: Denton Central Appraisal District

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Denton County Elec Coop	\$ 22,469,020	1	1.46%	\$ 5,873,616	6	0.50%
S. Corinth Apts. LLC DBA The Boulevard	17,000,000	2	1.11%	--		--
MPT of Corinth LP	13,798,266	3	0.90%	--		--
HD Supply Utilities LTD #3430	11,942,073	4	0.78%	--		--
Texas NHI Investors LLC	8,888,342	5	0.58%	--		--
Utter Properties, LLC	8,712,098	6	0.57%	5,280,466	9	0.45%
Tower Ridge Corinth I, LTD	7,332,178	7	0.48%	--		--
Lelege USA Corporation	7,109,960	8	0.46%	--		--
2-10 Properties LLC	5,980,000	9	0.39%	--		--
Utter, Bill	5,925,963	10	0.39%	5,674,970	8	0.48%
TXU Electric Delivery Co	--			13,599,050	1	1.15%
Labinal - Corinth Inc	--			11,324,948	2	0.96%
Boeing - Corinth Inc.	--			7,087,474	3	0.60%
Upsilon Corp	--			6,201,810	4	0.52%
Kensington Square LP PS	--			5,952,301	5	0.50%
Albertson's	--			5,765,880	7	0.49%
CMC Land Inc	--			4,256,394	10	0.36%
<b>Total</b>	<b>\$ 109,157,900</b>		<b>7.10%</b>	<b>\$ 71,016,909</b>		<b>5.99%</b>

Source: Denton Central Appraisal District

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 6,595,499	\$ 6,463,636	98.00%	\$ 131,367	\$ 6,595,003	99.99%
2006	6,770,070	6,706,697	99.06%	62,241	6,768,938	99.98%
2007	7,234,271	7,166,741	99.07%	66,275	7,233,016	99.98%
2008	7,497,484	7,428,184	99.08%	66,965	7,495,149	99.97%
2009	8,213,110	8,155,554	99.30%	55,655	8,211,209	99.98%
2010	8,124,258	8,023,338	98.76%	98,432	8,121,770	99.97%
2011	8,222,763	8,121,978	98.77%	94,388	8,216,366	99.92%
2012	8,298,852	8,207,634	98.90%	81,242	8,288,876	99.88%
2013	8,451,696	8,425,528	99.69%	14,841	8,440,369	99.87%
2014	8,655,958	8,630,897	99.71%	--	8,630,897	99.71%

Sources: Denton Central Appraisal District

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

	Calendar Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014
Agriculture, Forestry and Fishing	\$ 1,575,004	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Construction	9,503	2,537,401	6,400,892	4,351,614	1,746,710	311,261	942,329	2,181,247	2,864,383	1,067,536
Manufacturing	754,783	4,962,686	2,636,616	3,006,576	2,753,171	923,369	738,044	484,720	449,875	290,966
Transportation, Communications and Utilities	98,276,725	78,610,397	85,742,334	103,385,801	88,626,467	90,520,993	90,939,863	82,316,673	92,911,304	50,054,645
Wholesale Trade	330,578	6,764,242	3,266,001	2,618,569	2,659,948	3,213,997	4,319,250	2,497,630	3,018,201	1,386,604
Retail Trade	31,313,395	22,304,776	24,101,476	22,599,645	19,620,574	20,762,549	22,850,992	26,103,441	26,976,933	13,597,340
Services	8,732,422	2,295,353	4,163,780	4,513,536	4,639,562	4,879,098	5,710,772	6,865,632	6,731,718	3,548,580
All Other Outlets	5,414,998	23,255,182	25,868,213	18,291,600	14,022,886	19,772,152	21,602,742	23,290,303	24,292,304	12,107,082
<b>Total</b>	<b>\$ 146,407,408</b>	<b>\$ 140,730,037</b>	<b>\$ 152,179,312</b>	<b>\$ 158,767,341</b>	<b>\$ 134,069,318</b>	<b>\$ 140,383,419</b>	<b>\$ 147,103,992</b>	<b>\$ 143,739,646</b>	<b>\$ 157,244,718</b>	<b>\$ 82,052,753</b>
Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Office of the Comptroller of the State of Texas

(1) Due to a reporting time lag from the State Comptroller's Office, sales tax for 2014 reports only the first two quarters.

**CITY OF CORINTH, TEXAS**

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

Fiscal Year	Corinth Direct Rate	Corinth Street Maintenance	Eco/Dev Sec 4(B)	Corinth Crime Control
2005	1.00%	0.25%	0.50%	0.25%
2006	1.00%	0.25%	0.50%	0.25%
2007	1.00%	0.25%	0.50%	0.25%
2008	1.00%	0.25%	0.50%	0.25%
2009	1.00%	0.25%	0.50%	0.25%
2010	1.00%	0.25%	0.50%	0.25%
2011	1.00%	0.25%	0.50%	0.25%
2012	1.00%	0.25%	0.50%	0.25%
2013	1.00%	0.25%	0.50%	0.25%
2014	1.00%	0.25%	0.50%	0.25%

Source: Texas State Comptroller

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

Fiscal Year	General Bonded Debt				Other Govt Activities Debt		
	General Obligation Bonds	Certificates of Obligation/Tax Notes	Total Tax Supported Debt	Percentage of Actual Taxable Value of Property	Per Capita	Capital Leases	Other Govt Activities Debt
2005	\$ 13,121,000	\$ 1,640,000	\$ 14,761,000	1.24%	\$ 829	\$ 107,346	
2006	13,257,100	135,000	13,392,400	1.10%	722	87,645	
2007	12,599,150	7,888,699	20,379,150	1.58%	1,048	67,098	
2008	11,791,500	9,154,333	20,945,833	1.56%	1,066	45,667	
2009	10,978,150	8,473,000	19,451,150	1.45%	983	23,314	
2010	10,106,450	9,364,000	19,470,450	1.40%	977	--	
2011	9,632,000	9,082,075	18,714,075	1.35%	939	--	
2012	9,309,385	8,004,950	17,314,335	1.24%	868	--	
2013	8,682,775	6,887,875	15,570,650	1.12%	780	--	
2014	8,022,000	5,738,000	13,760,000	0.99%	689	758,058	
<b>TOTAL PRIMARY GOVERNMENT</b>							
Fiscal Year	Business-type Activities				TOTAL PRIMARY GOVERNMENT		
	General Obligation Bonds	Certificates of Obligation	Total Tax Supported Debt	Capital Leases	Total Government	Per Capita	Percentage of Personal Income
2005	\$ 2,889,000	\$ 200,000	\$ 3,089,000	\$ 107,346	\$ 18,064,692	\$ 1,015	2.93%
2006	2,782,600	--	2,782,600	87,645	16,350,290	881	2.48%
2007	2,615,850	15,821,301	18,545,850	67,098	38,925,000	2,001	5.48%
2008	2,413,500	13,620,667	16,034,167	45,667	37,071,334	1,887	5.26%
2009	2,176,850	13,327,000	15,503,850	23,314	35,001,628	1,769	4.78%
2010	1,923,550	12,956,000	14,879,550	--	34,350,000	1,724	4.65%
2011	1,777,925	11,738,000	13,515,925	--	32,230,000	1,617	4.35%
2012	1,625,050	11,060,615	12,685,665	--	30,000,000	1,504	4.13%
2013	1,467,125	10,492,224	11,959,349	--	27,529,999	1,379	3.78%
2014	1,307,000	9,897,999	11,204,999	--	25,723,057	1,289	3.44%

**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>
2005	\$ 13,121,000	1.24%	\$ 737
2006	13,257,400	1.09%	715
2007	12,599,150	1.58%	648
2008	11,791,500	1.42%	600
2009	10,978,150	0.79%	555
2010	10,106,450	0.73%	507
2011	9,082,075	0.65%	456
2012	9,630,000	0.69%	483
2013	10,149,900	0.73%	508
2014	9,329,000	0.67%	467



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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Denton County	\$ 613,455,000	2.420%	\$ 14,845,611
Denton Independent School District	747,306,831	6.900%	51,564,171
Lake Dallas Independent School District	87,922,085	45.610%	40,101,263
Other Debt			
Denton County capital leases	953,684	2.420%	23,079
Denton ISD capital leases	1,014,735	6.900%	70,017
Lake Dallas ISD	531,815	45.610%	<u>242,561</u>
Subtotal, Overlapping Debt			106,846,702
City Direct Debt			<u>13,760,000</u>
Total Direct and Overlapping Debt			<u>\$ 120,606,702</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 113,494,261	\$ 118,622,835	\$ 121,504,628	\$ 134,609,581	\$ 142,209,231	\$ 138,701,335	\$ 139,050,894	\$ 139,178,661	\$ 139,721,850	\$ 143,078,278
Total Net Debt Applicable to Limit	18,405,000	17,245,000	38,925,000	36,980,000	34,200,916	30,682,714	28,552,904	28,999,184	26,529,182	24,636,963
Legal Debt Margin	\$ 95,089,261	\$ 101,377,835	\$ 82,579,628	\$ 97,629,581	\$ 108,008,315	\$ 108,018,621	\$ 110,497,990	\$ 110,179,477	\$ 113,192,668	\$ 118,441,315
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	14.54%	13.31%	30.24%	26.63%	24.58%	22.12%	20.53%	20.84%	18.99%	17.22%

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

Assessed Value	\$ 1,430,782,782
Debt Limit (10% of Assessed Value)	143,078,278
Debt Applicable to Limit:	
General bonded debt	24,964,999
Less: Amount Set Aside for Repayment of General Bonded Debt	328,036
Net Debt Applicable to Limit	24,636,963
Legal Debt Margin	\$ 118,441,315

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Population [1]	17,800	18,550	19,450	19,650	19,788	19,926	19,935	19,444	19,961	19,961
Median Household Income [2]	\$ 88,855	\$ 91,266	\$ 93,776	\$ 94,714	\$ 95,696	\$ 96,653	\$ 99,127	\$ 101,664	\$ 104,211	\$ 106,877
Per Capita Personal Income [3]	\$ 34,582	\$ 35,521	\$ 36,498	\$ 36,863	\$ 36,987	\$ 37,097	\$ 37,135	\$ 37,173	\$ 36,450	\$ 37,411
Total Personal Income	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Median Age [4]	31	31	31	32	32	32	33	35	35	36
Education Level [5]										
<i>High school graduate (or equivalent)</i>	96%	96%	96%	96%	96%	96%	88%	96%	96%	97%
<i>Some college/associate's degree</i>	65%	65%	65%	65%	65%	65%	31%	65%	35%	35%
<i>Bachelor's degree</i>	39%	39%	39%	39%	39%	39%	37%	39%	29%	29%
<i>Master's, professional or doctorate</i>	11%	11%	11%	11%	11%	11%	12%	12%	13%	13%
School Enrollment [6]	4,648	4,844	5,092	5,144	5,196	5,246	5,298	5,351	6,153	6,190
Unemployment [8]	4.2%	3.8%	4.0%	4.8%	4.9%	7.1%	7.9%	6.3%	5.7%	5.9%

[1] Catalyst Commercial based 2013 population data on recent trends.  
 [2] Catalyst Commercial based 2013 household income on recent trends.  
 [3] Catalyst Commercial based 2013 personal income on recent trends.  
 [4] Catalyst Commercial based 2013 personal income on recent trends.  
 [5] Education level per the 2010 US Census.  
 [6] School enrollment is an estimate based on the 2010 US Census and estimated counts from the Lake Dallas ISD and Denton ISD.  
 [7] Unemployment rate for 2013 & 2014, 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	2014			2005 [1]		
	Employees	Rank	Percentage of Total City Employment [2]	Employees	Rank	Percentage of Total City Employment
CoServ	350	1	8.07%	--	--	--
North Central Texas College	200	2	4.61%	--	--	--
City of Corinth	162	3	3.74%	--	--	--
Bill Utter Ford	150	4	3.46%	--	--	--
Albertsons	100	5	2.31%	--	--	--
Orr Nissan	100	6	2.31%	--	--	--
Lake Dallas ISD	80	7	1.85%	--	--	--
HD Supply Utilities 60	60	8	1.38%	--	--	--
McClain's RV Ft. Worth Inc.	60	9	1.38%	--	--	--
Oakmonth Country Club	58	10	1.34%	--	--	--
Total	1,320		30.44%	--		--

Source: City Economic Development Division

[1] 2005 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
City Administration										
City Management	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Legal	--	--	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Safety										
Police	26.0	30.0	31.0	31.0	31.0	28.0	28.0	28.0	30.0	31.0
Animal Control	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.5	1.5	1.5
Lake Cities Fire Department [2]	36.0	38.0	40.0	41.0	41.0	41.0	41.0	40.0	41.0	40.0
Public Works										
Streets	7.4	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Fleet Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Community Development [3]	8.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Planning	2.0	2.0	4.0	5.0	5.0	4.0	4.0	3.0	3.0	3.0
Code Enforcement & Permitting	3.0	3.0	1.0	1.0	--	--	--	--	--	--
Community Services	17.0	17.0	--	--	--	--	--	--	--	--
Municipal Court	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Parks & Recreation		18.3	18.3	18.3	17.8	17.8	17.8	17.5	17.5	17.5
Finance & Admin. Services										
Finance [4]	8.0	5.0	6.0	7.0	7.0	6.5	6.5	6.5	6.5	6.5
Human Resources	--	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Information Services	--	1.0	2.0	2.0	2.0	2.5	2.5	3.0	3.0	3.0
Water/Wastewater Fund										
Water/Wastewater	26.6	23.6	23.0	23.0	23.0	21.0	21.0	21.0	21.0	21.0
Utility Billing	--	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Storm Drainage Fund										
Corinth Economic Development Corp.	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Crime Control District Fund	--	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Child Safety Program	--	--	--	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Total</b>	<b>146.5</b>	<b>152.1</b>	<b>157.8</b>	<b>165.8</b>	<b>164.8</b>	<b>158.6</b>	<b>158.6</b>	<b>155.8</b>	<b>159.8</b>	<b>160.0</b>

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

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Building Permits - Single Family Home	176	108	50	18	20	25	32	18	18	23
Building Permits - Commercial	17	9	3	7	2	2	2	2	--	4
Police										
Physical Arrests	713	836	572	565	531	516	410	349	316	304
Parking Violations	105	38	51	22	41	20	38	14	3	7
Traffic Violations	4,940	8,711	7,102	6,756	5,978	6,046	5,544	5,787	7,021	7,436
Fire [1]										
Emergency Responses	921	930	1,089	2,235	2,198	2,422	2,600	2,655	2,889	3,164
Fires Extinguished	33	29	42	33	55	56	66	49	36	21
Inspections	--	137	349	330	313	376	395	180	621	434
Other Public Works										
Street Resurfacing (miles)	<1	<1	1	<1	<1	3	3	2	<1	<1
Potholes Repaired	1,040	461	6,080	1,275	1,110	637	1,160	2,948	120	77
Parks and Recreation										
Classes offered (hours) [2]	816	565	526	1,935	1,424	894	454	273	286	437
Participants	4,883	4,150	3,758	7,501	7,162	4,420	4,105	1,936	2,225	3,822
Special events hours [3]	111	124	117	698	963	1,351	4,484	1,054	2,381	3,432
Participants	15,639	21,284	22,000	18,187	22,065	31,409	39,567	8,312	4,714	5,185
Association Participants	--	--	24,880	82,890	83,010	115,910	126,940	25,239	20,327	18,806
Athletic League Participants	--	--	--	--	--	--	--	67,056	32,022	22,944
Recreation center general use (hours) [4]	8,735	12,453	15,768	10,072	7,095	5,327	7,243	7,610	8,088	4,862
Water										
New Connections	202	131	98	12	15	35	50	18	19	26
Water Main Breaks	37	47	5	11	26	9	8	3	13	9
Average Daily Consumption (millions of gallons)	3.00	3.55	2.45	2.66	2.60	2.24	3.77	4.24	3.66	3.16
Peak Daily Consumption (millions of gallons)	7.04	7.35	5.59	7.00	6.24	6.36	7.99	7.32	6.08	6.01
Wastewater										
New Connections	33	22	151	14	16	35	43	18	19	23
Average Daily Sewage Treatment (millions of gallons)	0.72	0.67	1.05	1.01	1.05	1.20	1.02	1.10	1.08	1.06
Upper Trinity Regional Water District [5]	1.45	1.25	0.70	0.92	0.84	0.92	0.30	1.78	0.25	0.29
City of Denton [5], [6]										

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

[2] The information provided for fiscal years 2004 through 2007 reflects the number of classes/special events and does not reflect the total hours.

[3] The information provided for fiscal years 2004 - 2007 reflects the number of classes/special events and not total hours.

[4] In fiscal year 2007, the City lost the use of Crownover Middle School recreation facilities and reduce hours at the Woods Building recreation center for construction.

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

[6] The City of Denton bills the City based on one, sewage flow meters, and two, areas based on connection count; flows are based on estimates.

Source: Various City of Corinth departments

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	2
Patrol Units	18	18	18	18	18	18	18	18	18	18
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles) (2)	95	100	108	110	110	111	111	89	89	89
Highways (miles) (3)	3.1	3.1	3.1	3.1	3.1	3.1	3.1	6.2	6.3	6.3
Traffic Signals	--	1	2	2	2	2	6	7	8	8
Parks and Recreation										
Acres	182	182	184	184	184	184	184	184	184	184
Playgrounds	10	10	11	11	11	11	11	11	11	11
Baseball/Softball Fields	7	7	7	8	8	8	8	8	8	9
Soccer/Football Fields	6	6	6	6	6	6	6	6	8	8
Recreation Centers	2	2	2	2	2	2	2	2	2	2
Trails (miles)	11.66	11.66	12.74	12.74	12.74	12.74	12.74	12.74	12.74	12.74
Water										
Connections	6,443	6,574	6,672	6,671	6,719	6,766	6,780	6,809	6,810	6,831
Water Mains (miles)	103	105	103	103	105	106	108	110	111	112
Fire Hydrants	728	750	732	732	774	785	787	810	822	826
Storage Capacity (millions of gallons)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Subscribed Capacity, UTRWD (mgd)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Wastewater										
Connections	6,222	6,267	6,418	6,413	6,452	6,433	6,512	6,537	6,536	6,573
Sanitary Sewers (miles)	94.0	95.2	93.7	93.7	96.2	96.4	97.6	97.9	98.3	98.1
Storm Sewers (miles)	26.04	30.04	31.00	31.00	33.46	35.30	36.85	38.37	38.73	38.71
Treatment Capacity, UTRWD (mgd) [1]	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82

Sources: Various City of Corinth departments

[1] The City of Denton bills the City of Corinth based on 1), wastewater flow meters and 2), areas based on connection count; the Upper Trinity Regional Water District uses a take-or-pay system of billing in which the member city (Corinth) purchases a peak capacity. UTRWD data is corrected per original contractors.

(2) Street mileage was reduced in 2012 after elimination of unpaved roads.

(3) Highway mileage was increased in 2012 to account for associated access roads.