

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Corinth, Texas

*For the year ended
September 30, 2015*



BILL HEIDEMANN
Mayor



JOE HARRISON
Mayor Pro Tem
Council Place IV



SAM BURKE
Council Place I



SCOTT GARBER
Council Place II

City of
Corinth
Elected Officials



LOWELL JOHNSON
Council Place III



DON GLOCKEL
Council Place V

CITY OF CORINTH, TX

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended September 30, 2015



Lee Ann Bunselmeyer
Acting City Manager and
Director of Finance & Administrative Services

Department 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, 2015

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INTRODUCTORY SECTION





3300 Corinth Parkway · Corinth, TX · 940.498.3200

February 10, 2016

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, 2015. The purpose of this report is to provide the council, staff, the citizens of Corinth and other interested parties with detailed information reflecting the City's financial condition.

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

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

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

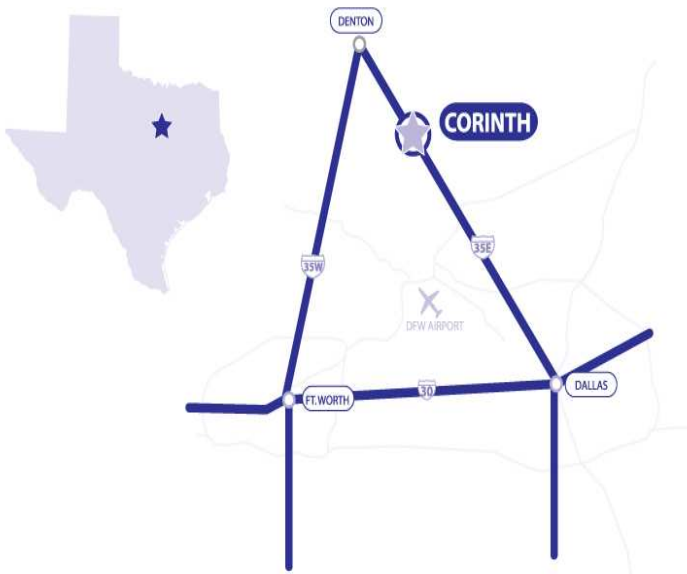
INDEPENDENT AUDIT

The City of Corinth's financial statements have been audited by Davis Kinard & Co, PC, a firm of licensed certified public accountants. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City of Corinth, for the fiscal year ended September 30, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component in the financial section of this annual report.

PROFILE OF THE GOVERNMENT

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



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

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

LOCAL ECONOMY

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

The city's population for 2015 is estimated to be 22,087. This is an increase of 10.7% over the 2014 population estimate.

The City of Corinth, as well as, the State of Texas, experienced economic growth compared to prior years. The overall Texas economy is still considered healthier than most of the country. Figures from the Texas Workforce Commission indicate a local unemployment rate (Denton County) of 3.2%. For the same period, Dallas County's unemployment rate was 3.8%, the overall state of Texas rate was 4.2% and the nation's rate, as a whole, was 4.9%.

Corinth continues to rely heavily on property tax to support its continuing operations, with the City being approximately 85% residential. Certified property values increased 6.53% for the 2015 tax year over the 2014 certified value.

Sales Tax Revenue, the second largest revenue source for the City's General Fund, increased 6.2% over the prior year's receipts. For fiscal year 2015-16, sales tax revenue is projected to increase slightly to \$1.2 million. Primarily a residential community, Corinth relies on sales tax paid on utilities. All sales tax collections are reported by the Texas Comptroller of Public Accounts. The City is continuing to work to increase its sales tax base with the Corinth Economic Development Corporation, which receives the proceeds from a ½ cent sales tax enacted in 2003. Corinth is currently focused on encouraging commercial development and providing the infrastructure required to support it. With the Interstate 35 expansion and growth in the DFW area, Corinth continues to draw more interest in from apartment, restaurant and commercial developers.

MAJOR INITIATIVES

Due to the hard work, tough decisions, and structural reductions made by city officials and staff in previous years, the City was able to propose a balanced budget that maintained the City's fiscal integrity, addressed Council priorities, and maintained service levels. Vehicle replacement, adequate funding for right-of-way maintenance and continued funding for the Public Safety Communication upgrade were the major initiatives for the City. In FY 2014-15, the City replaced four patrol vehicles, two fire administration vehicles, and an ambulance. The City continued to fund step increases for Public Safety employees, as well as, an average 3% merit for general employees. Health insurance costs for the city increased by 7.9%. The Utility Fund includes the first year of utility rate study that was adopted by the City Council in May 2014, as well as, the funding to repaint the elevated water storage tank.

LONG TERM FINANCIAL PLAN

The FY 2014-15 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 2015-2019 the City's property tax, sales tax, and all other revenues during the planning horizon will remain constant with conservative growth from 0% - 3%.

The City of Corinth continues its focus on maintaining or increasing reserve balances for emergencies to provide stability and flexibility for the organization. The reserve requirement was established at a level of 20% of budgeted expenditures for the General Fund and 25% of budgeted expenditures for both the Water/Wastewater and the Storm Drainage Fund. For fiscal year ended September 30, 2015 the General Fund's unassigned fund balance is \$3,482,449, or 23% of annual budgeted expenditures. The unrestricted net position for the Water/Wastewater Fund is \$4,249,196 or 35% of annual budgeted expenditures and the unrestricted net position for the Storm Drainage is 91% of budgeted expenditures or \$607,779 for the fiscal year ended September 30, 2015.

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 to 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.

The Investment Policy is updated, reviewed and approved annually. The purpose of the Investment Policy is to set forth specific investment strategy guidelines for the City, in order to safeguard assets with a minimal amount of risk, while maintaining the necessary level of liquidity and maximizing the yield on investments. Accordingly, all of the City's deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) or are collateralized by governmental securities. The maturities of the investments range from 30 days to 36 months, with an average maturity of approximately 217 days. On September 30, 2015, the annualized yield on investments was .49%, compared to .40% for the same period in 2014. Funds available for investment at September 30, 2015 were \$13.5 million, which is a decrease of \$1.9 million from 2014. The decrease in portfolio balance is due to the expenditure of funds for the Shady Rest Lane Project, the Tower Ridge Project, the 1.5MG ground storage tank, the Public Safety communications upgrade, and the budgeted use of fund balance for the Debt Service Fund.

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, 2014. This was the sixth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories; including serving as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully Submitted,

Lee Ann Bunselmeyer
Acting City Manager and
Director of Finance & Administrative Services

Caryn Riggs
Assistant Director of Finance



Government Finance Officers Association

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

Presented to

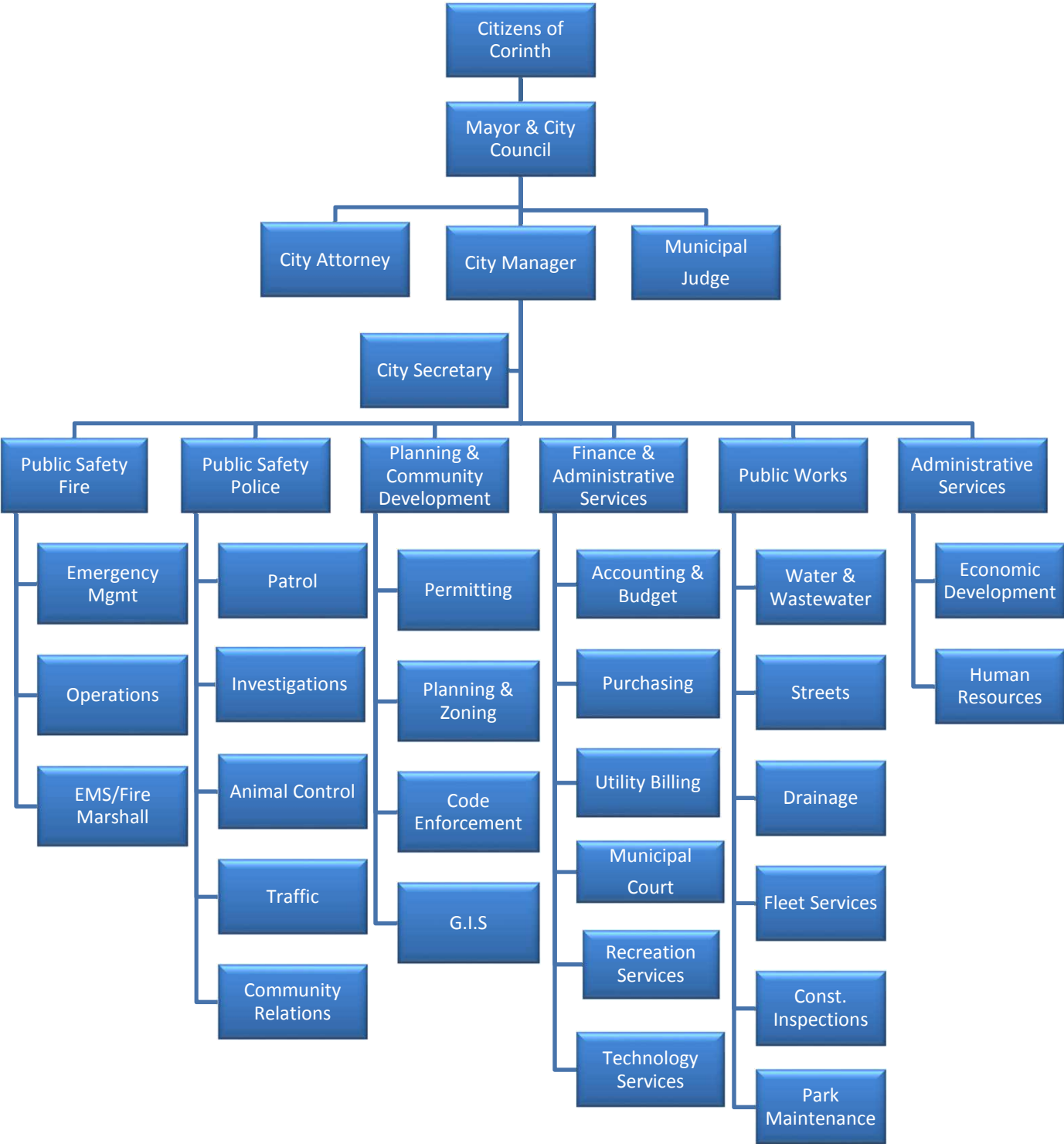
**City of Corinth
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

ORGANIZATIONAL CHART



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

Elected Officials:

Bill Heidemann
Mayor

Sam Burke
Council Place I

Scott Garber
Council Place II

Lowell Johnson
Council Place III

Joe Harrison
Mayor Pro Tem, Council Place IV

Don Glockel
Council Place V

Appointed Officials:

Lee Ann Bunselmeyer
Acting City Manager and
Director of Finance & Administrative
Services

Jason Alexander
Director of Economic
Development

Curtis Birt
Fire Chief

Cody Collier
Acting Director of Public Works,
Parks and Utility Operations

Fred Gibbs
Director of Planning and
Development Services

Guadalupe Ruiz
Director of Human Resources

Debra Walthall
Chief of Police



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Corinth, Texas, (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Corinth, Texas, as of September 30, 2015, 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.

Emphasis of Matter

As discussed in Note 10 to the basic financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, during the year ended September 30, 2015, which requires recognition of its net pension liability and a more comprehensive measure of pension expense. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 11-19 and 57-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Certified Public Accountants

Abilene, Texas
February 10, 2016

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

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, 2015. The Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the City's financial activity, to identify changes in the City's financial position and to identify any material deviations from the financial plan. We encourage readers to consider the information presented here in conjunction with the accompanying Letter of Transmittal and the basic financial statements.

FINANCIAL HIGHLIGHTS

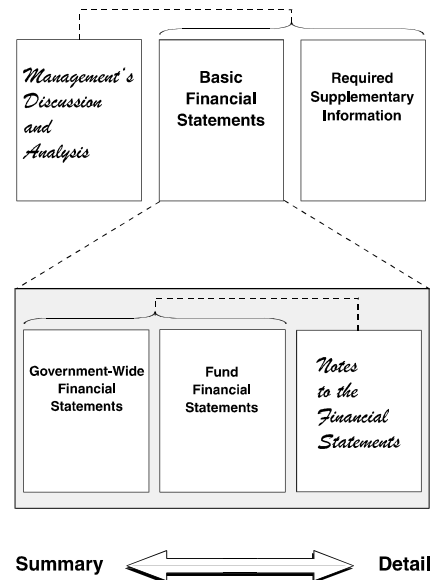
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$67,068,275.
- Total net position decreased \$1,066,634 from the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,348,277, a decrease of \$1,093,262 in comparison with the prior year. Of the combined ending balances, \$3,002,005 or 41% is available for spending within the City's guidelines (*unassigned fund balance*).
- The City's unassigned fund balance for the general fund was \$3,482,449 or 23% of total general fund expenditures.
- Long term liabilities increased to \$30,684,603 during fiscal year 2015. The net increase is due to the reflection of pension liability coupled with the principal portion of debt payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Required Components of the City's Annual Financial Report



**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balance 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenditures & changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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, 2015**

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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater Fund and the Storm Water Fund. The Water and Wastewater 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 34 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 \$67,068,275 at the close of the most recent fiscal year.

By far the largest portion of the City of Corinth's net position (\$58,731,458 or 88%) 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 (\$1,712,334 or 3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$6,624,483 or 10%) may be used to meet the City's ongoing obligations to citizens and creditors. The City currently has \$13,815,867 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, 2015**

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and Other Assets	\$ 11,602,074	\$ 12,446,259	\$ 8,179,129	\$ 8,817,217	\$ 19,781,203	\$ 21,263,476
Capital assets	49,521,596	51,118,431	31,779,350	32,049,515	81,300,946	83,167,946
Total assets	61,123,670	63,564,690	39,958,479	40,866,732	101,082,149	104,431,422
DEFERRED OUTFLOWS OF RESOURCES						
Deferred bond insurance costs	-	17,042	-	26,791	-	43,833
Deferred outflows - pension	1,109,256	-	142,590	-	1,251,846	-
Deferred loss from refunding	31,820	42,049	23,310	28,772	55,130	70,821
Total Deferred Outflows of Resources	1,141,076	59,091	165,900	55,563	1,306,976	114,654
LIABILITIES						
Long-term liabilities outstanding	19,333,256	15,600,093	11,351,347	11,482,261	30,684,603	27,082,354
Other liabilities	2,719,666	2,431,951	1,673,762	1,637,477	4,393,428	4,069,428
Total liabilities	22,052,922	18,032,044	13,025,109	13,119,738	35,078,031	31,151,782
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pension	215,138	-	27,681	-	242,819	-
Total Deferred Inflows of Resources	215,138	-	27,681	-	242,819	-
NET POSITION						
Net invested in capital assets	37,162,807	36,991,003	21,568,651	21,552,151	58,731,458	58,543,154
Restricted	1,066,371	4,003,719	645,963	-	1,712,334	4,003,719
Unrestricted	1,767,508	4,597,015	4,856,975	6,250,406	6,624,483	10,847,421
Total Net Position	\$ 39,996,686	\$ 45,591,737	\$ 27,071,589	\$ 27,802,557	\$ 67,068,275	\$ 73,394,294

Government-wide activities. As shown above, governmental activities decreased net position by \$5,595,051 and business-type activities decreased net position by \$730,968. Included in these decreases are prior period adjustments to account for the implementation of GASB 68. A detailed examination of all the elements affecting net position can be found in Table II.

TABLE II

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 4,696,469	\$ 4,668,189	\$ 11,684,011	\$ 11,328,640	\$ 16,380,480	\$ 15,996,829
Operating grants and contributions	299,613	284,954	-	-	299,613	284,954
Capital grants and contributions	380,748	-	607,013	176,068	987,761	176,068
General revenues						
Property taxes	9,291,409	8,674,195	-	-	9,291,409	8,674,195
Sales taxes	1,889,020	1,822,924	-	-	1,889,020	1,822,924
Franchise taxes	1,074,217	1,039,646	-	-	1,074,217	1,039,646
Hotel taxes	67,833	-	-	-	67,833	-
Miscellaneous	45,685	13,925	(391)	10,216	45,294	24,141
Investment interest	55,043	53,968	18,423	29,280	73,466	83,248
Gain (loss) on sale of capital assets	14,712	-	5,333	-	20,045	-
Total Revenues	17,814,749	16,557,801	12,314,389	11,544,204	30,129,138	28,102,005
Expenses:						
Public safety	8,937,222	8,558,062	-	-	8,937,222	8,558,062
Community services	1,855,018	1,735,618	-	-	1,855,018	1,735,618
Public works	4,661,909	4,655,417	-	-	4,661,909	4,655,417
Planning and community development	860,549	715,554	-	-	860,549	715,554
City administration	1,873,459	1,854,669	-	-	1,873,459	1,854,669
Finance and administrative services	746,482	665,351	-	-	746,482	665,351
Interest on long-term debt	613,346	702,883	-	-	613,346	702,883
Water and wastewater	-	-	11,107,570	10,645,670	11,107,570	10,645,670
Storm drainage	-	-	540,217	571,624	540,217	571,624
Total Expenses	19,547,985	18,887,554	11,647,787	11,217,294	31,195,772	30,104,848
Increase (decrease) in net position before transfers, contributions and special items	(1,733,236)	(2,329,753)	666,602	326,910	(1,066,634)	(2,002,843)
Special Item inflow/(Outflow)	-	-	-	-	-	-
Net transfers	778,956	1,082,783	(778,956)	(1,082,783)	-	-
Increase (decrease) in net position	(954,280)	(1,246,970)	(112,354)	(755,873)	(1,066,634)	(2,002,843)
Net position - beginning	45,591,737	46,838,707	27,802,557	28,558,430	73,394,294	75,397,137
Prior Period Adjustment	(4,640,771)	-	(618,614)	-	(5,259,385)	-
Net position - ending	\$ 39,996,686	\$ 45,591,737	\$ 27,071,589	\$ 27,802,557	\$ 67,068,275	\$ 73,394,294

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

City of Corinth's Changes in Fund Balance. The City's governmental funds decreased fund balance by \$1,093,262. The decrease can be attributed to the use of funds in the General Vehicle Replacement Fund, LCFD Vehicle & Equipment Replacement Fund, 2007 CO Streets Fund, the 2007 CO Tech Fund and the 2010 CO Fire Fund for replacement vehicles and equipment and for Capital Improvement Projects. Net position, as part of the government-wide reports, is reported on a full-accrual basis. The reconciliation between the overall decrease to governmental fund balances and the \$954,280 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.

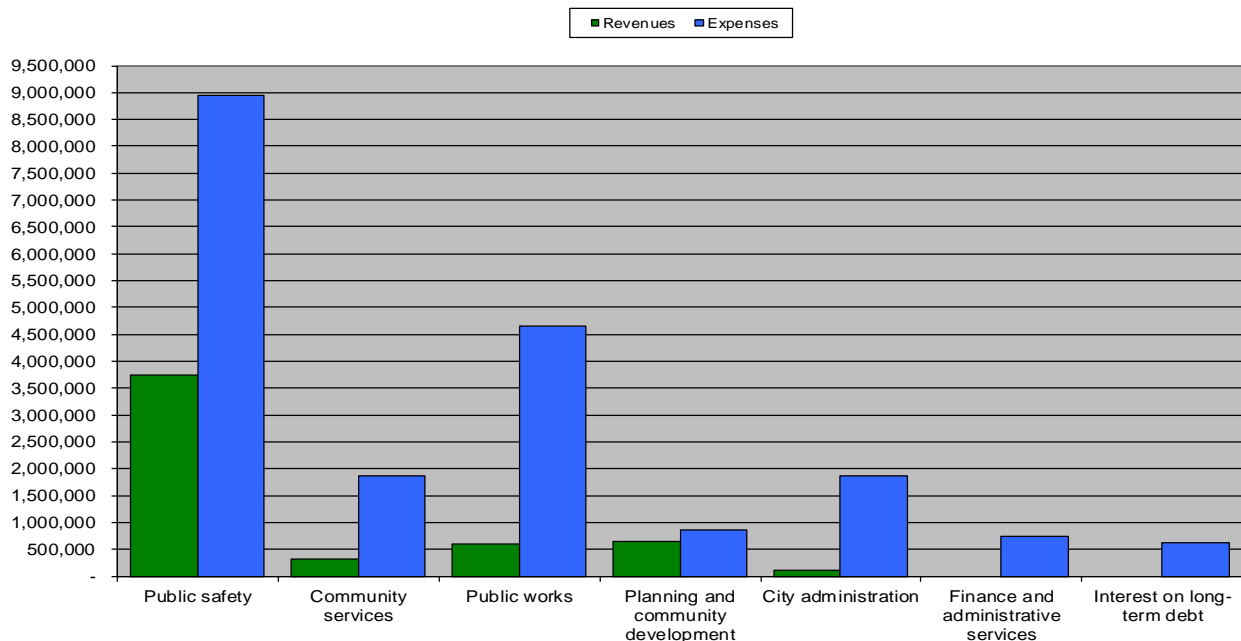
The following are the most significant factors in the reconciliation:

- 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 \$9,291,409 or 50%, Charges for services accounted for \$4,696,469 or 25%, sales taxes was \$1,889,020 or 10%, franchise taxes provided \$1,074,217 or 6%, operating grants and contributions provided \$299,613 or 2% and capital grants and contributions provided \$380,748 or 2% of the revenues for the governmental activities. The remaining 5% of revenue is made up of transfers, investment interest and other miscellaneous revenue. Figure 2 provides a graphic representation of the City's expenses and any directly related revenues by source.

Figure 2: Program Revenues v. Expenses

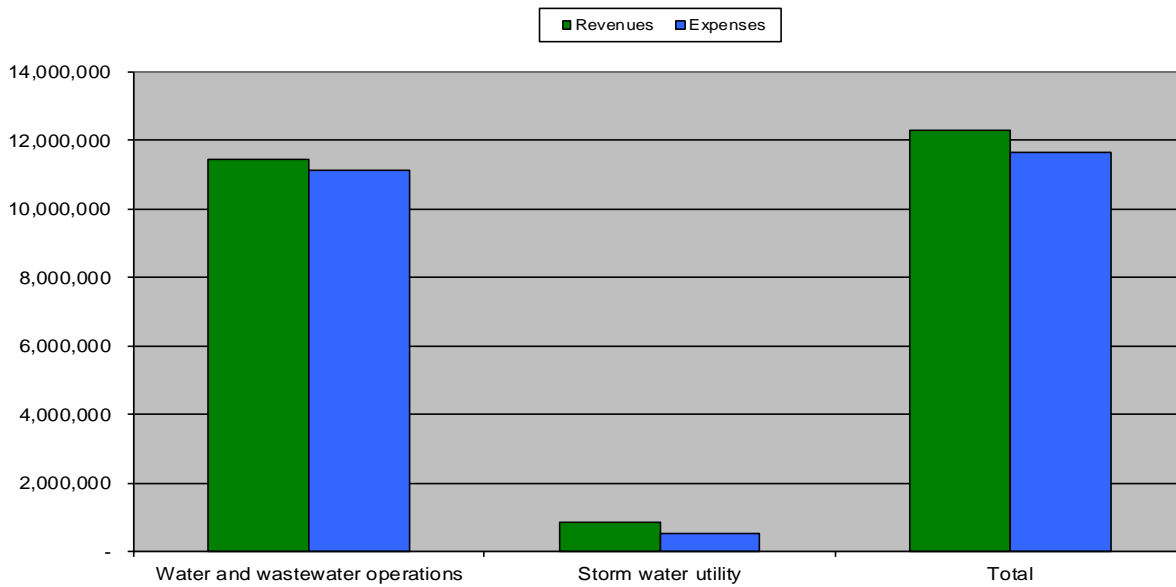


**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Business-type Activities. Business-type activities decreased the City's net position by \$112,354. A key element of this decrease is charges for services, emerging as a major revenue source for the Water and Wastewater fund producing \$10,991,068 and Storm water utility producing \$692,943 in revenue. Charges for services account for 95% of the revenue. Contributions of assets arising from new property development within the City, totaled \$607,013 in revenue. Less than 1% of revenue is made up of investment interest and other miscellaneous revenue.

Total revenue from water and wastewater sales and services was \$10,991,068; associated costs of water, wastewater treatment, and operations and maintenance accounted for \$11,107,570 of the total business-type expenses of \$11,647,787. The remaining \$540,217 in expenses for business-type activities is associated with the storm water utility. Storm water utility fees brought in \$692,943 in revenue. The following chart (Figure 3) provides a graphic representation of the City's business-type expenses and any directly related revenues by source.

Figure 3: Program Revenues v. Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,348,277, a decrease of \$1,093,262 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 \$83,162, a net decrease in the Debt Service Fund of \$103,616 and a net decrease of \$906,484 in other governmental funds.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Of the combined total governmental fund balances of \$7,348,277, \$3,482,449 (47%) 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, \$224,420, restrictions and constructions contracts, \$931,086. The fund balance that is designated as *committed*, \$2,946,280 represents those amounts committed to liquidate contracts or encumbrances. The fund balance amount designated as *nonspendable* is for prepaid items, \$2,202, and inventories, \$242,284.

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 \$3,482,449 while total fund balance reached \$3,726,935. 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 23% of total General Fund expenditures, while total fund balance represents 25% of that same amount.

This year, in the General Fund, revenues were more than expected by a total of \$385,006. Traffic Fines and Parks & Recreation Fees were less than budget by \$79,210, and \$200,323, respectively. Development Fees, Fire Services, and Sales Tax were above budget by \$281,576, \$154,559, and \$101,117, respectively. The City budgeted for no growth in fiscal year 2015. While revenues were over budget by \$385,006, expenditures were under budget by \$283,528. The net effect at year end was an excess of \$668,534 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 \$224,420, 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, Risk/Insurance and Risk fund, Hotel-Motel Tax fund, Special Revenue funds, 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 \$34,833 more than budgeted, interest earnings were less than budgeted by \$201 and expenditures were \$40,176 less than budgeted. Due to the positive variances in revenues and expenditures, actual fund balance increased \$21,748.
- 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 \$24,334, interest earnings were more than budgeted by \$132 and expenditures were less than budget by \$125,508, which, combined with transfers of (\$209,000), increased actual fund balance by \$14,698.

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 \$35,003,307 and deferred outflows of resources of \$148,189 exceeded liabilities of \$10,984,747 and deferred inflows of resources of \$21,611, reporting net position of \$24,145,138. The net non-operating revenues and expenses were (\$404,636) which included investment interest and debt service interest, as well as, the sale of aging and obsolete capital assets at auction. The largest portion of the non-operating expenses was \$426,018 of interest expense. Unrestricted net position for the Water and Wastewater fund decreased from \$5,516,099 in fiscal year 2014 to \$4,249,196 for fiscal year 2015.

Storm Water utility fund assets of \$4,955,172 and deferred outflows of \$17,711 exceeded liabilities of \$2,040,362 and deferred inflows of resources of \$6,070, leaving total net position of \$2,926,451. Total net position increased \$150,586, unrestricted net position decreased from \$734,308 to \$607,779. The storm water utility reported operating income of \$240,606 in fiscal year 2015. Net non-operating revenues and expenses were (\$85,897) which includes \$1,607 in interest income and \$87,880 in interest expense.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2014-15, General Fund actual expenditures (including transfers) were \$14,926,084 compared to the final budget of \$15,209,612. The \$283,528 variance was primarily due to reduced costs of \$167,057 for Community Services, \$45,647 reduced costs for Planning and Community Development, \$40,242 due to reduced costs for Public Safety, reduced costs of \$22,383 for City Administration, \$6,252 reduced costs for Finance and Administrative Services and \$1,947 due to reduced costs for Public Works. Actual revenue (including transfers) was \$14,842,922 compared to the final budget of \$14,468,249. Of the \$374,673 revenue variance, approximately \$281,576 was due to increased Development Fees and Permits, \$154,559 for increased Fire Service Charges, and \$101,117 for increased Sales Tax collections. Like many cities in the area and around the nation, the city experienced an upturn in 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, 2015, amounts to \$81,300,946 (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, 2015.

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,466,298	\$ 2,360,481	\$ 497,399	\$ 497,398	\$ 2,963,697	\$ 2,857,879
CIP	1,359,999	1,867,935	349,267	2,751,545	1,709,266	4,619,480
Buildings	4,436,086	4,542,085	110,748	93,728	4,546,834	4,635,813
Machinery and equipment	4,798,402	3,430,116	467,770	396,822	5,266,172	3,826,938
Infrastructure	36,460,811	38,917,814	30,354,166	28,310,021	66,814,977	67,227,835
Total capital assets	\$ 49,521,596	\$ 51,118,431	\$ 31,779,350	\$ 32,049,514	\$ 81,300,946	\$ 83,167,945

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 \$22,405,000 consisting of General Obligation Bonds and Certificates of Obligation. Debt can be reallocated among the Governmental and Business-Type Activities to reflect the amount of outstanding debt related to capital projects. All debt payments were made when due. Outstanding debt decreased in fiscal year 2015 by \$2,634,667 (see Note 6).

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

	Governmental Activities		Business-Type Activities		TOTAL	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 4,611,500	\$ 5,738,000	\$ 1,063,500	\$ 1,307,000	\$ 5,675,000	\$ 7,045,000
Certificates of Obligation and Tax Notes	7,388,904	8,021,998	9,341,096	9,898,002	16,730,000	17,920,000
Capital Lease Obligation	683,391	758,058	-	-	683,391	758,058
Total outstanding debt	\$ 12,683,795	\$ 14,518,056	\$ 10,404,596	\$ 11,205,002	\$ 23,088,391	\$ 25,723,058

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 13.42 percent.

**CITY OF CORINTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget demonstrated signs that a recovery may be starting to occur. The City experienced an increase in sales tax during FY 2014-15. 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 \$.58489 for fiscal year 2016. General operations and maintenance will receive \$.44143 of the total and the remaining \$.14346 and a budgeted use of debt service fund balance will fund long-term debt of the City.

REQUESTS FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS



**CITY OF CORINTH, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Exhibit A-1

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	Corinth Economic Development Corporation
ASSETS				
Cash	\$ 1,547,366	\$ 1,302,917	\$ 2,850,283	\$ 199,713
Investments	6,102,277	4,863,307	10,965,584	2,781,466
Receivables (net of allowance)				
Accounts	3,707,945	1,801,821	5,509,766	116,202
Inventories	242,284	211,084	453,368	
Prepaid items	2,202	-	2,202	
Capital assets not being depreciated				
Land	2,466,298	497,399	2,963,697	
Construction in progress	1,359,999	349,267	1,709,266	
Capital assets (net of accumulated depreciation)				
Buildings	4,436,086	110,748	4,546,834	
Machinery and equipment	4,798,402	467,770	5,266,172	
Infrastructure	36,460,811	30,354,166	66,814,977	
Total assets	<u>61,123,670</u>	<u>39,958,479</u>	<u>101,082,149</u>	<u>3,097,381</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss from refunding	31,820	23,310	55,130	
Deferred outflows - pension	1,109,256	142,590	1,251,846	
Total Deferred Outflows of Resources	<u>1,141,076</u>	<u>165,900</u>	<u>1,306,976</u>	<u>-</u>
LIABILITIES				
Accounts payable	304,465	1,015,932	1,320,397	5,099
Accrued liabilities	374,929	32,363	407,292	3,345
Accrued interest payable	89,135	63,877	153,012	
Municipal court bonds	8,393	-	8,393	
Customer meter deposits	-	561,590	561,590	
Other liabilities	1,942,744	-	1,942,744	
Noncurrent Liabilities				
Due within one year	2,296,145	923,063	3,219,208	
Due in more than one year	17,037,111	10,428,284	27,465,395	
Total liabilities	<u>22,052,922</u>	<u>13,025,109</u>	<u>35,078,031</u>	<u>8,444</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	215,138	27,681	242,819	
Total Deferred Inflows of Resources	<u>215,138</u>	<u>27,681</u>	<u>242,819</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	37,162,807	21,568,651	58,731,458	
Restricted for capital projects	-	645,963	645,963	
Restricted for specific programs	931,086	-	931,086	
Restricted for debt service	135,285	-	135,285	
Restricted for economic development	-	-	-	3,088,937
Unrestricted	1,767,508	4,856,975	6,624,483	
Total net position	<u>\$ 39,996,686</u>	<u>\$ 27,071,589</u>	<u>\$ 67,068,275</u>	<u>\$ 3,088,937</u>

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

**CITY OF CORINTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
Public safety	\$ 8,937,222	\$ 3,516,328	\$ 218,105	\$ -
Community services	1,855,018	230,940	74,748	-
Public works	4,661,909	209,723	-	380,748
Planning and community development	860,549	647,336	-	-
City administration	1,873,459	92,142	6,760	-
Finance and administrative services	746,482	-	-	-
Interest on long-term debt	613,346	-	-	-
Total governmental activities	<u>19,547,985</u>	<u>4,696,469</u>	<u>299,613</u>	<u>380,748</u>
Business-type activities:				
Water and sewer	11,107,570	10,991,068	-	444,975
Storm drainage	540,217	692,943	-	162,038
Total business-type activities	<u>11,647,787</u>	<u>11,684,011</u>	<u>-</u>	<u>607,013</u>
Total primary government	<u>\$ 31,195,772</u>	<u>\$ 16,380,480</u>	<u>\$ 299,613</u>	<u>\$ 987,761</u>
Component unit				
Corinth Economic Development Corporation	<u>\$ 327,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Taxes:
Property taxes
Sales taxes
Franchise taxes
Hotel occupancy tax
Investment income
Other income (expense)
Gain (loss) on sale of capital assets
Transfers
Total general revenues and transfers

Change in net position

Net position - beginning
Prior period adjustment
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Corinth Economic Development Corporation
\$ (5,202,789)	\$ -	\$ (5,202,789)	
(1,549,330)	-	(1,549,330)	
(4,071,438)	-	(4,071,438)	
(213,213)	-	(213,213)	
(1,774,557)	-	(1,774,557)	
(746,482)	-	(746,482)	
(613,346)	-	(613,346)	
<u>(14,171,155)</u>	<u>-</u>	<u>(14,171,155)</u>	
-	328,473	328,473	
-	314,764	314,764	
-	<u>643,237</u>	<u>643,237</u>	
(14,171,155)	643,237	(13,527,918)	
			\$ <u>(327,327)</u>
9,291,409	-	9,291,409	-
1,889,020	-	1,889,020	636,837
1,074,217	-	1,074,217	-
67,833	-	67,833	-
55,043	18,423	73,466	11,026
45,685	(391)	45,294	-
14,712	5,333	20,045	-
778,956	(778,956)	-	-
<u>13,216,875</u>	<u>(755,591)</u>	<u>12,461,284</u>	<u>647,863</u>
(954,280)	(112,354)	(1,066,634)	320,536
45,591,737	27,802,557	73,394,294	2,768,401
(4,640,771)	(618,614)	(5,259,385)	
<u>\$ 39,996,686</u>	<u>\$ 27,071,589</u>	<u>\$ 67,068,275</u>	<u>\$ 3,088,937</u>

**CITY OF CORINTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
ASSETS				
Cash	\$ 7,436	\$ 2,543	\$ 1,537,387	\$ 1,547,366
Investments	3,343,739	198,534	2,560,004	6,102,277
Receivables (net of allowance)				
Property taxes	118,048	37,829	-	155,877
Sales taxes	228,243	-	104,584	332,827
Accounts	89,547	11,192	-	100,739
Interest	6,153	-	1,316	7,469
Warrants	2,503,961	-	-	2,503,961
Ambulance	151,240	-	-	151,240
Miscellaneous	317,168	-	29,255	346,423
Due from other governments	109,409	-	-	109,409
Inventories	242,284	-	-	242,284
Prepaid items	2,202	-	-	2,202
Total Assets	<u>\$ 7,119,430</u>	<u>\$ 250,098</u>	<u>\$ 4,232,546</u>	<u>\$ 11,602,074</u>
LIABILITIES				
Accounts payable	\$ 166,669	\$ -	\$ 137,796	\$ 304,465
Accrued liabilities	370,635	-	4,294	374,929
Municipal court bonds	8,393	-	-	8,393
Other liabilities	1,249,210	-	693,534	1,942,744
Total Liabilities	<u>1,794,907</u>	<u>-</u>	<u>835,624</u>	<u>2,630,531</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,597,588	25,678	-	1,623,266
Total Deferred Inflows of Resources	<u>1,597,588</u>	<u>25,678</u>	<u>-</u>	<u>1,623,266</u>
FUND BALANCES				
Nonspendable	244,486	-	-	244,486
Restricted	-	224,420	931,086	1,155,506
Committed	-	-	2,946,280	2,946,280
Unassigned	3,482,449	-	(480,444)	3,002,005
Total Fund Balances	<u>3,726,935</u>	<u>224,420</u>	<u>3,396,922</u>	<u>7,348,277</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,119,430</u>	<u>\$ 250,098</u>	<u>\$ 4,232,546</u>	<u>\$ 11,602,074</u>

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

**CITY OF CORINTH, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2015**

Exhibit A-4

Total Fund Balances - Governmental Funds	\$	7,348,277
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		49,521,596
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. As a result, these liabilities decrease net position:		
Capital leases payable		(683,391)
Bonds payable		(12,143,603)
Accrued compensated absences		(1,003,260)
Deferred loss on bond refunding is not included in the governmental funds but is deferred and amortized in the government wide statements.		31,820
Payables for bond interest which are not due in the current period are not reported in the fund financial statements but are included in the statement of net position. This results in a decrease in net position.		(89,135)
Included in liabilities is the recognition of the City's proportionate share of the TMRS net pension liability in the amount of \$5,503,002, a deferred inflow of resources of \$215,138 and a deferred outflow of resources of \$1,109,256. This results in a decrease in net position.		(4,608,884)
Other adjustments are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. Net property taxes receivable of \$69,777, net fines, fees and court costs receivable of \$1,354,770, net fees for ambulance receivables of \$151,240 and net receivables for other items of \$47,479 were unavailable to pay for the current period expenditures and are deferred inflows in the governmental funds but are recognized as revenue in the government wide statements. This results in an increase in net position.		<u>1,623,266</u>
Net position of governmental activities	\$	<u><u>39,996,686</u></u>

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

**CITY OF CORINTH, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit A-5

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 7,059,673	\$ 2,238,515	\$ -	\$ 9,298,188
Sales	1,288,978	-	600,042	1,889,020
Hotel occupancy tax	-	-	67,833	67,833
Franchise	1,074,217	-	-	1,074,217
Escrow and impact fees	-	-	209,723	209,723
Utility fees	19,113	-	-	19,113
Traffic fines & forfeitures	650,651	-	31,633	682,284
Development fees & permits	592,176	-	-	592,176
Police fees & permits	28,383	-	26,455	54,838
Parks & recreation fees	166,402	-	7,920	174,322
Fire services	2,532,951	-	88,898	2,621,849
Donations	-	-	96,633	96,633
Interest income	39,762	1,772	13,509	55,043
Miscellaneous income	75,813	-	47,257	123,070
Charges for services	451,677	-	59,354	511,031
Total revenues	13,979,796	2,240,287	1,249,257	17,469,340
EXPENDITURES				
Current:				
Public safety	8,025,586	-	1,142,188	9,167,774
Community services	1,725,461	-	40,200	1,765,661
Public works	915,907	-	1,684,496	2,600,403
Planning and community development	845,215	-	26,066	871,281
City administration	1,726,487	-	40,450	1,766,937
Finance and administrative services	732,037	-	-	732,037
Debt service:				
Principal	-	1,759,594	76,895	1,836,489
Interest	-	603,523	23,835	627,358
Total expenditures	13,970,693	2,363,117	3,034,130	19,367,940
Excess (Deficiency) of Revenues over Expenditures	9,103	(122,830)	(1,784,873)	(1,898,600)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	26,382	26,382
Transfers out	(955,391)	-	(471,667)	(1,427,058)
Transfers in	863,126	19,214	1,323,674	2,206,014
Total Other Financing Sources (Uses)	(92,265)	19,214	878,389	805,338
Net Change in Fund Balance	(83,162)	(103,616)	(906,484)	(1,093,262)
Fund Balance - October 1 (Beginning)	3,810,097	328,036	4,303,406	8,441,539
Fund Balance - September 30 (Ending)	\$ 3,726,935	\$ 224,420	\$ 3,396,922	\$ 7,348,277

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

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, 2015

Exhibit A-6

Net Change in Fund Balances - Total Governmental Funds \$ (1,093,262)

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

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. 2,980,065

The net book value of capital assets disposed reduces net position. (11,670)

Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. (4,565,230)

Repayment of long-term principal for bonds and capital leases payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Amortization of bond premium and the deferred loss on bond refunding was recorded in the government wide financial statements. The result of the above adjustments was an increase in the change in net position. 1,839,088

Changes in long-term liabilities for compensated absences are not reported in the governmental funds but are included in the statement of activities. (79,478)

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year change in the interest accrual is a decrease of \$11,413. The effect is to increase net position. 11,413

Certain pension expenditures that are recorded in the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$909,315. The District's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the District's proportionate share of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$894,470. The net effect is an increase in net position. 14,845

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of resources as revenue, adjusting current year revenue to include the revenue earned from current year's tax levy, and eliminating interfund transactions. These adjustments result in a decrease in net position. (50,051)

Change in Net Position of Governmental Activities \$ (954,280)

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

**CITY OF CORINTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015**

Exhibit A-7

	Enterprise Funds		
	Water and Sewer Fund	Storm Drainage Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash	\$ 772,761	\$ 530,156	\$ 1,302,917
Investments	4,263,912	599,395	4,863,307
Receivables (net of allowances for uncollectibles):			
Accounts	1,705,145	80,629	1,785,774
Interest	1,395	289	1,684
Miscellaneous	12,964	1,399	14,363
Inventories	195,991	15,093	211,084
Total Current Assets	<u>6,952,168</u>	<u>1,226,961</u>	<u>8,179,129</u>
Non-current assets:			
Capital Assets			
Land	485,399	12,000	497,399
Construction in progress	110,070	239,197	349,267
Buildings	252,345	-	252,345
Machinery and equipment	1,368,045	275,009	1,643,054
Infrastructure	39,596,759	4,592,083	44,188,842
Less accumulated depreciation	<u>(13,761,479)</u>	<u>(1,390,078)</u>	<u>(15,151,557)</u>
Total Capital Assets (net of accumulated depreciation)	<u>28,051,139</u>	<u>3,728,211</u>	<u>31,779,350</u>
Total assets	<u>35,003,307</u>	<u>4,955,172</u>	<u>39,958,479</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	23,310	-	23,310
Deferred outflows - pension	124,879	17,711	142,590
Total deferred outflows of resources	<u>148,189</u>	<u>17,711</u>	<u>165,900</u>
LIABILITIES			
Current liabilities:			
Accounts payable	885,364	130,568	1,015,932
Accrued liabilities	28,790	3,573	32,363
Accrued interest payable	52,747	11,130	63,877
Customer deposits	561,590	-	561,590
Compensated absences	59,057	6,998	66,055
Current portion of bonds	744,967	112,041	857,008
Total current liabilities	<u>2,332,515</u>	<u>264,310</u>	<u>2,596,825</u>
Non-current liabilities:			
Net pension liability	635,580	71,650	707,230
General obligation bonds	8,016,652	1,704,402	9,721,054
Total Noncurrent Liabilities	<u>8,652,232</u>	<u>1,776,052</u>	<u>10,428,284</u>
Total Liabilities	<u>10,984,747</u>	<u>2,040,362</u>	<u>13,025,109</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	21,611	6,070	27,681
Total Deferred Inflows of Resources	<u>21,611</u>	<u>6,070</u>	<u>27,681</u>
NET POSITION			
Net investment in capital assets	19,340,331	2,228,320	21,568,651
Restricted for capital projects	555,611	90,352	645,963
Unrestricted	4,249,196	607,779	4,856,975
Total net position	<u>\$ 24,145,138</u>	<u>\$ 2,926,451</u>	<u>\$ 27,071,589</u>

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

**CITY OF CORINTH, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit A-8

	Enterprise Funds		
	Water and Sewer Fund	Storm Drainage Fund	Total Enterprise Funds
OPERATING REVENUES			
Charges for sales and services:			
Water sales	\$ 5,517,835	\$ -	\$ 5,517,835
Sewer disposal	4,308,468	-	4,308,468
Storm drainage fees	-	686,296	686,296
Garbage	730,386	-	730,386
Penalties and reconnect fees	183,688	-	183,688
Tap fees	155,440	-	155,440
Service fees	58,783	-	58,783
Inspections	36,468	6,647	43,115
Total Operating Revenues	10,991,068	692,943	11,684,011
OPERATING EXPENSES			
Wages & benefits	1,317,787	157,683	1,475,470
Professional services and contracts	1,930,218	29,076	1,959,294
Maintenance and operations	513,591	12,183	525,774
Supplies	105,149	2,749	107,898
Utilities and communication	5,140,323	5,946	5,146,269
Vehicles/equipment and fuel	106,160	12,637	118,797
Travel and training	11,849	350	12,199
Capital outlay	15,149	-	15,149
Amortization	2,171	235	2,406
Depreciation	1,539,155	231,478	1,770,633
Total Operating Expenses	10,681,552	452,337	11,133,889
Operating Income	309,516	240,606	550,122
NONOPERATING REVENUES (EXPENSES)			
Interest income	16,816	1,607	18,423
Miscellaneous income (expense)	(767)	376	(391)
Gain (loss) on sale of capital assets	5,333	-	5,333
Interest expense	(426,018)	(87,880)	(513,898)
Total Non-operating revenues (Expenses)	(404,636)	(85,897)	(490,533)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(95,120)	154,709	59,589
CONTRIBUTIONS AND TRANSFERS			
Special assessment - water and sewer impact fees	200,151	-	200,151
Capital contributions	244,824	162,038	406,862
Transfers in	169,759	32,378	202,137
Transfers out	(845,442)	(135,651)	(981,093)
Total Contributions and Transfers	(230,708)	58,765	(171,943)
Change in Net Position	(325,828)	213,474	(112,354)
Net Position, Beginning	25,026,692	2,775,865	27,802,557
Prior Period Adjustment	(555,726)	(62,888)	(618,614)
Net Position, Ending	\$ 24,145,138	\$ 2,926,451	\$ 27,071,589

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

**CITY OF CORINTH, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit A-9

	Enterprise Funds		
	Water and Sewer Fund	Storm Drainage Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 10,864,076	\$ 686,593	\$ 11,550,669
Payments to or on behalf of employees	(1,346,709)	(154,059)	(1,500,768)
Payments to suppliers	(7,906,290)	44,461	(7,861,829)
Net cash provided by operating activities	<u>1,611,077</u>	<u>576,995</u>	<u>2,188,072</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(845,442)	(135,651)	(981,093)
Transfers in	169,759	32,378	202,137
Net cash used by noncapital financing activities	<u>(675,683)</u>	<u>(103,273)</u>	<u>(778,956)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	-	65,000	65,000
Acquisition of capital assets	(906,791)	(251,815)	(1,158,606)
Principal paid on bonds	(698,008)	(102,398)	(800,406)
Interest paid on bonds	(434,175)	(91,601)	(525,776)
Proceeds from sale of assets	5,333	-	5,333
Special assessments- impact fees	200,151	-	200,151
Net cash used by capital and related financing activities	<u>(1,833,490)</u>	<u>(380,814)</u>	<u>(2,214,304)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in short-term investments	1,091,663	271,005	1,362,668
Interest received	20,293	1,848	22,141
Net cash provided by investing activities	<u>1,111,956</u>	<u>272,853</u>	<u>1,384,809</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	213,860	365,761	579,621
CASH AND CASH EQUIVALENTS, BEGINNING	<u>558,901</u>	<u>164,395</u>	<u>723,296</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 772,761</u>	<u>\$ 530,156</u>	<u>\$ 1,302,917</u>

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

**CITY OF CORINTH, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit A-9

	Enterprise Funds		
	Water and Sewer Fund	Storm Drainage Fund	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ 309,516	\$ 240,606	\$ 550,122
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,541,326	231,713	1,773,039
Miscellaneous revenue (expense)	-	376	376
(Increase) decrease in accounts receivable	(141,437)	(6,726)	(148,163)
(Increase) decrease in inventories	(1,459)	177	(1,282)
Increase (decrease) in accounts payable	(82,392)	107,225	24,833
Increase (decrease) in customer deposits	14,445	-	14,445
Increase (decrease) in accrued liabilities	(28,922)	3,624	(25,298)
Net cash provided by operating activities	\$ 1,611,077	\$ 576,995	\$ 2,188,072
 NONCASH INVESTING AND FINANCING ACTIVITIES			
Infrastructure contributed by developers	\$ 244,824	\$ 97,038	\$ 341,862

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 1: REPORTING ENTITY

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

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

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

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

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

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

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

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

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

The City reports the following major proprietary fund types:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Inventory

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

Pensions

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

Deferred Outflows/Inflows of Resources

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

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

Capital Assets

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

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

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

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Compensated Absences

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

Use of Estimates

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

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1st of each year. Taxes are levied on and payable the following October 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2015, was \$.59489 per \$100 of assessed valuation.

Fund Balance

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

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City had \$242,284 and \$2,202 in nonspendable fund balance for inventory and prepaid items, respectively, at September 30, 2015.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Debt service fund balance restricted for the retirement of funded indebtedness totaled \$224,420 as of September 30, 2015. Special revenue fund balance restricted for specific programs included crime control and prevention, street maintenance, hotel motel tax, special revenue, municipal court security fund, municipal court technology fund, and TxDOT grants and totaled \$217,437, \$481,394, \$132,029, \$30,884, \$26,959, \$34,008, and \$8,375, respectively, as of September 30, 2015.

Committed fund balance is established and modified by a resolution from City Council, the City's highest level of decision-making authority, and can be used only for the specified purposes determined by the Council's resolution. Special revenue fund balance committed for specific programs consisted of fund balance committed to risk/insurance claims, special revenue and parks development totaling \$237,326, \$85,874, and \$133,173, respectively, as of September 30, 2015. Capital project fund balances committed for future projects included the governmental capital projects, vehicle replacement, LCFD vehicle and equipment replacement, tech equipment replacement, street escrow, 2004 Tax Notes, 2007 CO Streets, 2007 CO Tech and 2010 CO Fire funds and totaled \$1,741,305, \$55,087, \$89,669, \$15,797, \$151,663, \$15,519, \$392,129, \$3,700 and \$25,038, respectively, as of September 30, 2015.

Assigned fund balance includes the portion of net resources for which an intended use has been established by the City Council or the City Official authorized to do so by the City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund is intended to be used by the City for specific purposes but does not meet the criteria to be classified as restricted or committed. The Council has authorized the City Manager to assign fund balance. The City had no assigned fund balance as of September 30, 2015.

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

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

Minimum fund balance policy

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

Flow Assumptions

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned, then unassigned fund balance.

Note 5: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

Deficit fund equity

At September 30, 2015, a fund deficit of \$480,444 was reported for the Roadway Impact Fee Fund. It represents deferred/unearned impact fee revenue, net of related assets, which will be recognized as development of land progresses through April 1, 2025.

Note 6: DETAILED NOTES ON ALL FUNDS

Cash and Investments

Custodial Credit Risk. Cash deposits of the City and CEDC at September 30, 2015, were entirely covered by FDIC insurance and pledged collateral held by the City's agent bank.

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

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

Following are the City's investments at September 30, 2015:

Primary Government

<u>Investment Pools</u>	<u>Fair Value</u>	<u>S&P Rating</u>	<u>Weighted Average Maturity</u>						
TexSTAR	\$ 908,352	AAAm	< 60 days						
<u>Investment Maturity in Years</u>									
			<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>Less than 1</u></td> <td style="text-align: center;"><u>1 - 5</u></td> <td style="text-align: center;"><u>More than</u></td> </tr> <tr> <td style="text-align: center;"><u>Year</u></td> <td style="text-align: center;"><u>5</u></td> <td style="text-align: center;"><u>5</u></td> </tr> </table>	<u>Less than 1</u>	<u>1 - 5</u>	<u>More than</u>	<u>Year</u>	<u>5</u>	<u>5</u>
<u>Less than 1</u>	<u>1 - 5</u>	<u>More than</u>							
<u>Year</u>	<u>5</u>	<u>5</u>							
<u>Other Investments</u>									
U.S. Government Backed Securities	6,345,072	AA+	\$ 2,890,000 \$ 3,455,072 \$ -						
Money market	3,714,208	n/a	3,714,208 - -						
Total	<u>10,059,280</u>		<u>\$ 6,604,208</u> <u>\$ 3,455,072</u> <u>\$ -</u>						
Less: reconciling items	(2,048)								
Total Investments	<u>\$ 10,965,584</u>								

CEDC

<u>Investment Pools</u>	<u>Fair Value</u>	<u>S&P Rating</u>	<u>Weighted Average Maturity</u>						
TexPool	\$ 430,830	AAAm	< 60 days						
<u>Investment Maturity in Years</u>									
			<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>Less than 1</u></td> <td style="text-align: center;"><u>1 - 5</u></td> <td style="text-align: center;"><u>More than</u></td> </tr> <tr> <td style="text-align: center;"><u>Year</u></td> <td style="text-align: center;"><u>5</u></td> <td style="text-align: center;"><u>5</u></td> </tr> </table>	<u>Less than 1</u>	<u>1 - 5</u>	<u>More than</u>	<u>Year</u>	<u>5</u>	<u>5</u>
<u>Less than 1</u>	<u>1 - 5</u>	<u>More than</u>							
<u>Year</u>	<u>5</u>	<u>5</u>							
<u>Other Investments</u>									
U.S. Government Backed Securities	1,794,928	AA+	\$ - \$ 1,794,928 \$ -						
Money market	555,708	n/a	555,708 - -						
Total Investments	<u>\$ 2,781,466</u>		<u>\$ 555,708</u> <u>\$ 1,794,928</u> <u>\$ -</u>						

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

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

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

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

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

Credit Risk. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2015, the City's investments in TexPool and TexSTAR were both rated AAAM by Standard & Poor's.

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

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

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,360,481	\$ 105,817	\$ -	\$ 2,466,298
Construction in progress	1,867,935	1,479,065	1,987,001	1,359,999
Total assets not being depreciated	4,228,416	1,584,882	1,987,001	3,826,297
Capital assets, being depreciated:				
Buildings	6,563,459	92,668	-	6,656,127
Machinery and equipment	8,299,891	1,803,262	300,387	9,802,766
Infrastructure	92,375,630	1,486,255	-	93,861,885
Total capital assets being depreciated	107,238,980	3,382,185	300,387	110,320,778
Less accumulated depreciation:				
Buildings	2,021,374	198,667	-	2,220,041
Machinery and equipment	4,529,212	763,869	288,717	5,004,364
Infrastructure	53,798,377	3,602,697	-	57,401,074
Total accumulated depreciation	60,348,963	4,565,233	288,717	64,625,479
Total capital assets being depreciated, net	46,890,017	(1,183,048)	11,670	45,695,299
Governmental activities capital assets, net	\$ 51,118,433	\$ 401,834	\$ 1,998,671	\$ 49,521,596

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 497,399	\$ -	\$ -	\$ 497,399
Construction in progress	2,751,545	985,276	3,387,554	349,267
Total assets not being depreciated	<u>3,248,944</u>	<u>985,276</u>	<u>3,387,554</u>	<u>846,666</u>
Capital assets, being depreciated:				
Buildings	229,633	22,712	-	252,345
Machinery and equipment	1,542,884	150,618	50,448	1,643,054
Infrastructure	40,459,426	3,729,416	-	44,188,842
Total capital assets being depreciated	<u>42,231,943</u>	<u>3,902,746</u>	<u>50,448</u>	<u>46,084,241</u>
Less accumulated depreciation:				
Buildings	135,905	5,692	-	141,597
Machinery and equipment	1,146,062	79,670	50,448	1,175,284
Infrastructure	12,149,405	1,685,271	-	13,834,676
Total accumulated depreciation	<u>13,431,372</u>	<u>1,770,633</u>	<u>50,448</u>	<u>15,151,557</u>
Total capital assets being depreciated, net	<u>28,800,571</u>	<u>2,132,113</u>	<u>-</u>	<u>30,932,684</u>
Business-type activities capital assets, net	<u>\$ 32,049,515</u>	<u>\$ 3,117,389</u>	<u>\$ 3,387,554</u>	<u>\$ 31,779,350</u>

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

Governmental activities:	
Public safety	\$ 613,046
Community services	117,420
Public works	3,636,726
Planning and community development	4,136
City administration	193,352
Finance and administrative services	550
Total depreciation expense - governmental activities	<u>\$ 4,565,230</u>
Business-type activities	
Water and sewer	\$ 1,539,155
Storm drainage	231,478
Total depreciation expense - business-type activities	<u>\$ 1,770,633</u>

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Interfund Receivables/Payables and Transfers

The composition of interfund transfers in/out as of September 30, 2015, is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Water and Sewer	\$ 777,658	Administrative allocation
General	Storm Drainage	83,801	Administrative allocation
General	Nonmajor	1,667	Close out fund
Nonmajor	General	685,000	Budgeted transfer
Nonmajor	General	20,450	Budgeted transfer
Nonmajor	General	129,115	Budgeted transfer
Nonmajor	Water and Sewer	17,366	Budgeted transfer
Nonmajor	Storm Drainage	1,743	Budgeted transfer
Nonmajor	Nonmajor	470,000	Budgeted transfer
Debt service	Water and Sewer	18,040	Debt repayment
Debt service	Storm Drainage	1,174	Debt repayment
Water and Sewer	Storm Drainage	48,933	Administrative allocation
Water and Sewer	General	120,826	Administrative allocation
Storm Drainage	Water and Sewer	32,378	Capital asset additions
		<u>\$ 2,408,151</u>	

Long-term Obligations

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

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

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

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

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Long-term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation	\$ 8,022,000	\$ -	\$ (633,094)	\$ 7,388,906	\$ 561,517
General obligation bonds	5,738,000	-	(1,126,500)	4,611,500	1,168,175
Bond premiums/discounts (net)	158,253	-	(15,056)	143,197	15,056
Compensated absences	923,782	604,193	(524,715)	1,003,260	474,502
Capital lease obligation	758,058	-	(74,667)	683,391	76,895
Net pension liability	-	5,503,002	-	5,503,002	-
Total Governmental Activities	\$ 15,600,093	\$ 6,107,195	\$ (2,374,032)	\$ 19,333,256	\$ 2,296,145
Business-type activities					
General obligation bonds	\$ 1,307,000	\$ -	\$ (243,500)	\$ 1,063,500	\$ 251,825
Certificates of obligation	9,897,999	-	(556,907)	9,341,092	588,483
Bond premiums/discounts (net)	190,170	-	(16,700)	173,470	16,700
Compensated absences	87,092	66,055	(87,092)	66,055	66,055
Net pension liability	-	707,230	-	707,230	-
Total Business Type Activities	\$ 11,482,261	\$ 773,285	\$ (904,199)	\$ 11,351,347	\$ 923,063
Total long-term obligations	\$ 27,082,354	\$ 6,880,480	\$ (3,278,231)	\$ 30,684,603	\$ 3,219,208

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

	Date of Issue	Amount of Original Issue	Interest Rate	Maturity Date	Governmental Amount Outstanding 9/30/2015	Business Type Amount Outstanding 9/30/2015
General Obligation	2/15/2001	\$ 2,000,000	4.25%-6.25%	2/15/2016	\$ 125,000	\$ -
General Obligation	12/7/2005	5,080,000	4.00%-4.25%	2/15/2020	1,599,000	451,000
General Obligation	2/1/2007	5,250,000	3.78%-4.49%	2/15/2021	2,887,500	612,500
Certificates of Obligation	8/16/2007	23,630,000	4.50%-5.25%	2/15/2027	6,928,906	9,341,092
Certificates of Obligation	4/15/2010	1,500,000	1.95%-3.35%	2/15/2020	460,000	-
					\$ 12,000,406	\$ 10,404,592

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

The annual requirements to retire general long-term debt, including interest, as of September 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2016	\$ 1,729,692	\$ 519,648	\$ 2,249,340
2017	1,754,960	444,557	2,199,517
2018	1,768,012	368,947	2,136,959
2019	1,261,777	303,988	1,565,765
2020	847,724	257,862	1,105,586
2021-2025	3,175,376	803,025	3,978,401
2026-2027	1,462,865	77,862	1,540,727
Total	\$ 12,000,406	\$ 2,775,889	\$ 14,776,295

The annual requirements to retire enterprise activity debt, including interest, as of September 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2016	\$ 840,308	\$ 491,265	\$ 1,331,573
2017	895,040	450,300	1,345,340
2018	941,988	408,715	1,350,703
2019	833,223	369,763	1,202,986
2020	772,276	333,873	1,106,149
2021-2025	4,149,624	1,079,640	5,229,264
2026-2027	1,972,133	104,969	2,077,102
Total	\$ 10,404,592	\$ 3,238,525	\$ 13,643,117

Capital Leases Payable

A summary of changes in capital leases payable for the year ended September 30, 2015 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Capital lease obligation	\$ 758,058	\$ -	\$ (74,667)	\$ 683,391	\$ 76,895

The City leases various equipment under capital lease. The following is an analysis of the leased assets included in capital assets at September 30, 2015:

Equipment	\$ 839,890
Less: accumulated depreciation	(126,112)
Net value	\$ 713,778

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

The following is a schedule of future minimum payments required under the lease with its present value as of September 30, 2015:

Year Ending		
2016	\$	97,287
2017		97,287
2018		97,287
2019		97,287
2020		97,287
2021-2023		<u>291,862</u>
Total minimum lease payments		778,297
Less amount		
representing interest		<u>(94,906)</u>
Present value of minimum		
lease payments	\$	<u><u>683,391</u></u>

Note 7: DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 25 years of service regardless of age. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 7: DEFINED BENEFIT PENSION PLAN (continued)

Employees covered by benefit terms: At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	75
Active employees	146
Total	<u>276</u>

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14% and 14% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$1,334,263, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions: The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by a factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 7: DEFINED BENEFIT PENSION PLAN (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.04%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
Total	100.00%	

Discount Rate: The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2013	\$ 28,200,256	\$ 22,073,127	\$ 6,127,129
Changes for the year:			
Service Cost	1,444,400	-	1,444,400
Interest	1,994,674	-	1,994,674
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(293,384)	-	(293,384)
Changes of assumptions	-	-	-
Contributions - employer	-	1,209,444	(1,209,444)
Contributions - employee	-	604,376	(604,376)
Net investment income	-	1,263,034	(1,263,034)
Benefit payments, including refunds of employee contributions	(854,227)	(854,227)	-
Administrative expense	-	(13,183)	13,183
Other changes	-	(1,084)	1,084
Net changes	2,291,463	2,208,360	83,103
Balance at 12/31/2014	\$ 30,491,719	\$ 24,281,487	\$ 6,210,232

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 7: DEFINED BENEFIT PENSION PLAN (continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 11,930,258	\$ 6,210,232	\$ 1,646,252

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2015, the City recognized pension expense of \$1,309,698.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (242,819)
Changes in actual assumptions	-	-
Difference between projected and actual investment earnings	225,668	-
Contributions subsequent to the measurement date	1,026,178	-
Total	<u>\$ 1,251,846</u>	<u>\$ (242,819)</u>

\$1,026,178 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2016	\$ 5,852
2017	5,852
2018	5,852
2019	5,852
2020	(40,559)
Thereafter	-
	<u>\$ (17,151)</u>

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 7: DEFINED BENEFIT PENSION PLAN (continued)

Supplemental Death Benefits Plan

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

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

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

The City's contributions to the TMRS SDBF for the years ended September 30, 2015, 2014 and 2013 were \$8,807, \$8,028, and \$7,990, respectively, which equaled the required contributions each year.

Note 8: RISK MANAGEMENT

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

Note 9: COMMITMENTS AND CONTINGENCIES

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

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$2,858,271.

CITY OF CORINTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 9: COMMITMENTS AND CONTINGENCIES (continued)

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.

Note 10: PRIOR PERIOD ADJUSTMENTS

During fiscal year 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Upon adoption of GASB No. 68, the City must assume its proportionate share of the net pension liability or asset of the Texas Municipal Retirement System. Adoption of GASB No. 68 required a prior period adjustment to report the effect of GASB No. 68 retroactively. The amount of the prior period adjustment is a decrease in net position of \$5,217,957.

During fiscal year 2015, the City recorded a prior period adjustment to write off bond insurance costs previously capitalized as an asset in the statement of net position. The amount of the prior period adjustment is a decrease in net position of \$41,428.



REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF CORINTH, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit B-1

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Taxes:				
Property	\$ 7,000,067	\$ 7,000,067	\$ 7,059,673	\$ 59,606
Sales	1,187,861	1,187,861	1,288,978	101,117
Franchise	1,036,765	1,036,765	1,074,217	37,452
Utility fees	12,000	12,000	19,113	7,113
Traffic fines and forfeitures	729,861	729,861	650,651	(79,210)
Development fees & permits	310,600	310,600	592,176	281,576
Police fees & permits	27,700	27,700	28,383	683
Parks & recreation fees	366,725	366,725	166,402	(200,323)
Fire services	2,378,392	2,378,392	2,532,951	154,559
Interest income	25,815	25,815	39,762	13,947
Miscellaneous income	72,350	72,350	75,813	3,463
Charges for services	446,654	446,654	451,677	5,023
Total Revenues	13,594,790	13,594,790	13,979,796	385,006
EXPENDITURES				
Current:				
Public safety	8,053,342	8,065,828	8,025,586	40,242
Community services	2,001,207	1,892,518	1,725,461	167,057
Public works	889,663	917,854	915,907	1,947
Planning and community development	955,091	890,862	845,215	45,647
City administration	1,621,964	1,748,870	1,726,487	22,383
Finance and administrative services	732,954	738,289	732,037	6,252
Total Expenditures	14,254,221	14,254,221	13,970,693	283,528
Excess of Revenues over Expenditures	(659,431)	(659,431)	9,103	668,534
OTHER FINANCING SOURCES (USES)				
Transfers out	(955,391)	(955,391)	(955,391)	-
Transfers in	873,459	873,459	863,126	(10,333)
Total Financing Sources (Uses)	(81,932)	(81,932)	(92,265)	(10,333)
Net Change in Fund Balance	(741,363)	(741,363)	(83,162)	658,201
Fund Balance - October 1 (Beginning)	3,810,097	3,810,097	3,810,097	-
Fund Balance - September 30 (Ending)	\$ 3,068,734	\$ 3,068,734	\$ 3,726,935	\$ 658,201

CITY OF CORINTH, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Exhibit B-2

	Year Ended December 31, 2014
Total Pension Liability	
Service cost	\$ 1,444,400
Interest on total pension liability	1,994,674
Changes of benefit terms	-
Differences between expected and actual experience	(293,384)
Change of assumptions	-
Benefit payments/refunds of contributions	(854,227)
Net change in total pension liability	2,291,463
Total pension liability, beginning	28,200,256
Total pension liability, ending (a)	\$ 30,491,719
Fiduciary Net Position	
Contributions - Employer	\$ 1,209,444
Contributions - Employee	604,376
Net investment income	1,263,034
Benefit payments/refunds of contributions	(854,227)
Administrative expenses	(13,183)
Other	(1,084)
Net change in fiduciary net position	2,208,360
Fiduciary net position, beginning	22,073,127
Fiduciary net position, ending (b)	\$ 24,281,487
Net pension liability / (asset), ending = (a) - (b)	6,210,232
Fiduciary net position as a percentage of total pension liability	79.63%
Pensionable covered payroll	\$ 8,633,945
Net pension liability as a percentage of covered payroll	71.93%

**CITY OF CORINTH, TEXAS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 FOR FISCAL YEAR 2015**

Exhibit B-3

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2014	\$ 1,209,444	\$ 1,209,444	\$ -	\$ 8,633,945	14.01%

**CITY OF CORINTH, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note A: Net Pension Liability – Texas Municipal Retirement System

Assumptions

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

Valuation date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	10-year smoothed market; 15% soft corridor
Inflation	3.00%
Salary increases	3.50% to 12.00%, including inflation
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the 2005 – 2009.
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Changes of Benefit Terms

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

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

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

Changes of Assumptions

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

Stewardship, Compliance, and Accountability

I. Budgetary Information

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

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

General Fund

Special Revenue Funds:

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

Debt Service Fund

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded ALL (UALL)	Covered Payroll	UALL as a Percentage of Covered Payroll
12/31/2014	\$ 23,407,353	\$ 30,491,719	76.8%	\$ 7,084,366	\$ 8,633,945	82.1%
12/31/2013	\$ 20,892,219	\$ 28,200,256	74.1%	\$ 7,308,037	\$ 8,028,481	91.0%
12/31/2012	\$ 18,483,323	\$ 23,648,932	78.2%	\$ 5,165,609	\$ 7,989,936	64.7%
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 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 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
AS OF SEPTEMBER 30, 2015**

Exhibit C-1

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Governmental</u>
ASSETS			
Cash	\$ 1,248,158	\$ 289,229	\$ 1,537,387
Investments	225,042	2,334,962	2,560,004
Receivables (net of allowance)			
Sales taxes	104,584	-	104,584
Interest	238	1,078	1,316
Miscellaneous	29,255	-	29,255
Total Assets	<u>\$ 1,607,277</u>	<u>\$ 2,625,269</u>	<u>\$ 4,232,546</u>
LIABILITIES			
Accounts payable	\$ 2,434	\$ 135,362	\$ 137,796
Accrued liabilities	4,294	-	4,294
Other liabilities	693,534	-	693,534
Total Liabilities	<u>700,262</u>	<u>135,362</u>	<u>835,624</u>
FUND BALANCES			
Restricted	931,086	-	931,086
Committed	456,373	2,489,907	2,946,280
Unassigned	<u>(480,444)</u>	<u>-</u>	<u>(480,444)</u>
Total Fund Balances	<u>907,015</u>	<u>2,489,907</u>	<u>3,396,922</u>
Total Liabilities and Fund Balances	<u>\$ 1,607,277</u>	<u>\$ 2,625,269</u>	<u>\$ 4,232,546</u>

CITY OF CORINTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Exhibit C-2

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes:			
Sales	\$ 600,042	\$ -	\$ 600,042
Hotel occupancy tax	67,833	-	67,833
Escrow and impact fees	209,723	-	209,723
Traffic fines & forfeitures	31,633	-	31,633
Police fees & permits	26,455	-	26,455
Parks & recreation fees	7,920	-	7,920
Fire services	-	88,898	88,898
Donations	96,383	250	96,633
Interest income	1,916	11,593	13,509
Miscellaneous income	47,254	3	47,257
Charges for services	-	59,354	59,354
Total Revenues	<u>1,089,159</u>	<u>160,098</u>	<u>1,249,257</u>
EXPENDITURES			
Current:			
Public safety	303,559	838,629	1,142,188
Community services	40,200	-	40,200
Public works	102,603	1,581,893	1,684,496
Planning and community development	-	26,066	26,066
City administration	3,328	37,122	40,450
Finance and administrative services	-	-	-
Debt service:			
Principal	-	76,895	76,895
Interest	-	23,835	23,835
Total Expenditures	<u>449,690</u>	<u>2,584,440</u>	<u>3,034,130</u>
Excess (Deficiency) of Revenues over Expenditures	639,469	(2,424,342)	(1,784,873)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	26,382	26,382
Transfers out	(321,667)	(150,000)	(471,667)
Transfers in	-	1,323,674	1,323,674
Total Other Financing Sources (Uses)	<u>(321,667)</u>	<u>1,200,056</u>	<u>878,389</u>
Net Change in Fund Balance	317,802	(1,224,286)	(906,484)
Fund Balance - October 1 (Beginning)	589,213	3,714,193	4,303,406
Fund Balance - September 30 (Ending)	<u>\$ 907,015</u>	<u>\$ 2,489,907</u>	<u>\$ 3,396,922</u>



**CITY OF CORINTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AS OF SEPTEMBER 30, 2015**

	<u>Crime Control & Prevention</u>	<u>Street Maintenance</u>	<u>Risk/ Insurance Claims Fund</u>	<u>Hotel Motel Tax</u>
ASSETS				
Cash	\$ 173,704	\$ 201,337	\$ 235,449	\$ 126,518
Investments	-	225,042	-	-
Receivables (net of allowance)				
Sales taxes	47,522	57,062	-	-
Interest	-	238	-	-
Miscellaneous	-	-	1,877	5,573
Total Assets	<u>\$ 221,226</u>	<u>\$ 483,679</u>	<u>\$ 237,326</u>	<u>\$ 132,091</u>
LIABILITIES				
Accounts payable	\$ 4	\$ 2,285	\$ -	\$ 62
Accrued liabilities	3,785	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	<u>3,789</u>	<u>2,285</u>	<u>-</u>	<u>62</u>
FUND BALANCES				
Restricted	217,437	481,394	-	132,029
Committed	-	-	237,326	-
Unassigned	-	-	-	-
Total Fund Balances	<u>217,437</u>	<u>481,394</u>	<u>237,326</u>	<u>132,029</u>
Total Liabilities and Fund Balances	<u>\$ 221,226</u>	<u>\$ 483,679</u>	<u>\$ 237,326</u>	<u>\$ 132,091</u>

Exhibit C-3

Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Parks Development	TxDOT Grant	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds
\$ 97,920	\$ 26,959	\$ 34,008	\$ 133,173	\$ 8,375	\$ 210,715	\$ 1,248,158
-	-	-	-	-	-	225,042
-	-	-	-	-	-	104,584
-	-	-	-	-	-	238
21,805	-	-	-	-	-	29,255
<u>\$ 119,725</u>	<u>\$ 26,959</u>	<u>\$ 34,008</u>	<u>\$ 133,173</u>	<u>\$ 8,375</u>	<u>\$ 210,715</u>	<u>\$ 1,607,277</u>
\$ 83	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,434
509	-	-	-	-	-	4,294
2,375	-	-	-	-	691,159	693,534
<u>2,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>691,159</u>	<u>700,262</u>
30,884	26,959	34,008	-	8,375	-	931,086
85,874	-	-	133,173	-	-	456,373
-	-	-	-	-	(480,444)	(480,444)
<u>116,758</u>	<u>26,959</u>	<u>34,008</u>	<u>133,173</u>	<u>8,375</u>	<u>(480,444)</u>	<u>907,015</u>
<u>\$ 119,725</u>	<u>\$ 26,959</u>	<u>\$ 34,008</u>	<u>\$ 133,173</u>	<u>\$ 8,375</u>	<u>\$ 210,715</u>	<u>\$ 1,607,277</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, 2015**

	<u>Crime Control & Prevention</u>	<u>Street Maintenance</u>	<u>Risk/ Insurance Claims Fund</u>	<u>Hotel Motel Tax</u>
REVENUES				
Taxes:				
Sales	\$ 281,612	\$ 318,430	\$ -	\$ -
Hotel occupancy tax	-	-	-	67,833
Escrow and impact fees	-	-	-	-
Traffic fines & forfeitures	-	-	-	-
Police fees & permits	-	-	-	-
Parks & recreation fees	-	-	-	-
Donations	-	-	-	-
Interest income	149	932	203	89
Miscellaneous income	-	-	46,067	-
Total Revenues	<u>281,761</u>	<u>319,362</u>	<u>46,270</u>	<u>67,922</u>
EXPENDITURES				
Current:				
Public safety	260,013	-	9,582	-
Community services	-	-	2,345	-
Public works	-	95,664	6,939	-
City administration	-	-	-	-
Total Expenditures	<u>260,013</u>	<u>95,664</u>	<u>18,866</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	21,748	223,698	27,404	67,922
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(209,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(209,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	21,748	14,698	27,404	67,922
Fund Balance - October 1 (Beginning)	195,689	466,696	209,922	64,107
Fund Balance - September 30 (Ending)	<u>\$ 217,437</u>	<u>\$ 481,394</u>	<u>\$ 237,326</u>	<u>\$ 132,029</u>

Exhibit C-4

Special Revenue	Municipal Court Security Fund	Municipal Court Technology Fund	Parks Development	TxDOT Grant	Roadway Impact Fee Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,042
-	-	-	-	-	-	67,833
-	-	-	-	-	209,723	209,723
2,616	12,468	16,549	-	-	-	31,633
26,455	-	-	-	-	-	26,455
7,920	-	-	-	-	-	7,920
23,283	-	-	73,100	-	-	96,383
96	20	40	110	8	269	1,916
1,187	-	-	-	-	-	47,254
<u>61,557</u>	<u>12,488</u>	<u>16,589</u>	<u>73,210</u>	<u>8</u>	<u>209,992</u>	<u>1,089,159</u>
33,964	-	-	-	-	-	303,559
3,839	-	27,407	6,609	-	-	40,200
-	-	-	-	-	-	102,603
3,328	-	-	-	-	-	3,328
<u>41,131</u>	<u>-</u>	<u>27,407</u>	<u>6,609</u>	<u>-</u>	<u>-</u>	<u>449,690</u>
20,426	12,488	(10,818)	66,601	8	209,992	639,469
(1,667)	-	-	-	-	(111,000)	(321,667)
<u>(1,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,000)</u>	<u>(321,667)</u>
18,759	12,488	(10,818)	66,601	8	98,992	317,802
97,999	14,471	44,826	66,572	8,367	(579,436)	589,213
<u>\$ 116,758</u>	<u>\$ 26,959</u>	<u>\$ 34,008</u>	<u>\$ 133,173</u>	<u>\$ 8,375</u>	<u>\$ (480,444)</u>	<u>\$ 907,015</u>

**CITY OF CORINTH, TEXAS
CRIME CONTROL & PREVENTION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-5

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Sales	\$ 246,779	\$ 246,779	\$ 281,612	\$ 34,833
Interest income	350	350	149	(201)
Total Revenues	<u>247,129</u>	<u>247,129</u>	<u>281,761</u>	<u>34,632</u>
EXPENDITURES				
Current:				
Public safety	300,189	300,189	260,013	40,176
Total Expenditures	<u>300,189</u>	<u>300,189</u>	<u>260,013</u>	<u>40,176</u>
Net Change in Fund Balance	(53,060)	(53,060)	21,748	74,808
Fund Balance - October 1 (Beginning)	195,689	195,689	195,689	-
Fund Balance - September 30 (Ending)	<u>\$ 142,629</u>	<u>\$ 142,629</u>	<u>\$ 217,437</u>	<u>\$ 74,808</u>

**CITY OF CORINTH, TEXAS
STREET MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-6

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Sales	\$ 294,096	\$ 294,096	\$ 318,430	\$ 24,334
Interest income	800	800	932	132
Total Revenues	<u>294,896</u>	<u>294,896</u>	<u>319,362</u>	<u>24,466</u>
EXPENDITURES				
Current:				
Public works	<u>221,172</u>	<u>221,172</u>	<u>95,664</u>	<u>125,508</u>
Total Expenditures	<u>221,172</u>	<u>221,172</u>	<u>95,664</u>	<u>125,508</u>
Excess (Deficiency) of Revenues over Expenditures	73,724	73,724	223,698	149,974
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(209,000)</u>	<u>(209,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(209,000)</u>	<u>(209,000)</u>	<u>-</u>
Net Change in Fund Balance	73,724	(135,276)	14,698	149,974
Fund Balance - October 1 (Beginning)	<u>466,696</u>	<u>466,696</u>	<u>466,696</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 540,420</u>	<u>\$ 331,420</u>	<u>\$ 481,394</u>	<u>\$ 149,974</u>

**CITY OF CORINTH, TEXAS
HOTEL MOTEL TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-7

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Hotel occupancy tax	\$ 42,000	\$ 42,000	\$ 67,833	\$ 25,833
Interest income	70	70	89	19
Total Revenues	<u>42,070</u>	<u>42,070</u>	<u>67,922</u>	<u>25,852</u>
Net Change in Fund Balance	42,070	42,070	67,922	25,852
Fund Balance - October 1 (Beginning)	64,107	64,107	64,107	-
Fund Balance - September 30 (Ending)	<u>\$ 106,177</u>	<u>\$ 106,177</u>	<u>\$ 132,029</u>	<u>\$ 25,852</u>

**CITY OF CORINTH, TEXAS
MUNICIPAL COURT SECURITY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-8

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Traffic fines and forfeitures	\$ 12,000	\$ 12,000	\$ 12,468	\$ 468
Interest income	-	-	20	20
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>12,488</u>	<u>488</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(12,000)	(12,000)	-	12,000
Total Other Financing Sources (Uses)	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>	<u>12,000</u>
Net Change in Fund Balance	-	-	12,488	12,488
Fund Balance - October 1 (Beginning)	14,471	14,471	14,471	-
Fund Balance - September 30 (Ending)	<u>\$ 14,471</u>	<u>\$ 14,471</u>	<u>\$ 26,959</u>	<u>\$ 12,488</u>

**CITY OF CORINTH, TEXAS
MUNICIPAL COURT TECHNOLOGY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-9

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Traffic fines and forfeitures	\$ 15,000	\$ 15,000	\$ 16,549	\$ 1,549
Interest income	-	-	40	40
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>16,589</u>	<u>1,589</u>
EXPENDITURES				
Current:				
Community services	15,000	38,544	27,407	11,137
Total Expenditures	<u>15,000</u>	<u>38,544</u>	<u>27,407</u>	<u>11,137</u>
Net Change in Fund Balance	-	(23,544)	(10,818)	12,726
Fund Balance - October 1 (Beginning)	44,826	44,826	44,826	-
Fund Balance - September 30 (Ending)	<u>\$ 44,826</u>	<u>\$ 21,282</u>	<u>\$ 34,008</u>	<u>\$ 12,726</u>

**CITY OF CORINTH, TEXAS
PARKS DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-10

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Donations	\$ 50,000	\$ 50,000	\$ 73,100	\$ 23,100
Interest income	-	-	110	110
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>73,210</u>	<u>23,210</u>
EXPENDITURES				
Current:				
Community services	13,232	13,232	6,609	6,623
Total Expenditures	<u>13,232</u>	<u>13,232</u>	<u>6,609</u>	<u>6,623</u>
 Net Change in Fund Balance	 36,768	 36,768	 66,601	 29,833
Fund Balance - October 1 (Beginning)	66,572	66,572	66,572	-
Fund Balance - September 30 (Ending)	<u><u>\$ 103,340</u></u>	<u><u>\$ 103,340</u></u>	<u><u>\$ 133,173</u></u>	<u><u>\$ 29,833</u></u>

**CITY OF CORINTH, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-11

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 2,206,597	\$ 2,206,597	\$ 2,238,515	\$ 31,918
Interest income	-	-	1,772	1,772
Total Revenues	<u>2,206,597</u>	<u>2,206,597</u>	<u>2,240,287</u>	<u>33,690</u>
EXPENDITURES				
Debt Service:				
Principal	1,759,594	1,759,594	1,759,594	-
Interest	603,749	603,749	603,523	226
Total Expenditures	<u>2,363,343</u>	<u>2,363,343</u>	<u>2,363,117</u>	<u>226</u>
 Excess (Deficiency) of Revenues over Expenditures	 (156,746)	 (156,746)	 (122,830)	 33,916
OTHER FINANCING SOURCES (USES)				
Transfers in	20,388	20,388	19,214	(1,174)
Total Other Financing Sources (Uses)	<u>20,388</u>	<u>20,388</u>	<u>19,214</u>	<u>(1,174)</u>
 Net Change in Fund Balance	 (136,358)	 (136,358)	 (103,616)	 32,742
Fund Balance - October 1 (Beginning)	328,036	328,036	328,036	-
Fund Balance - September 30 (Ending)	<u><u>\$ 191,678</u></u>	<u><u>\$ 191,678</u></u>	<u><u>\$ 224,420</u></u>	<u><u>\$ 32,742</u></u>

**CITY OF CORINTH, TEXAS
KEEP CORINTH BEAUTIFUL
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-12

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Donations	\$ 6,500	\$ 6,500	\$ 6,700	\$ 200
Interest income	100	100	27	(73)
Total Revenues	<u>6,600</u>	<u>6,600</u>	<u>6,727</u>	<u>127</u>
EXPENDITURES				
Current:				
City administration	10,000	10,000	3,328	6,672
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,328</u>	<u>6,672</u>
Net Change in Fund Balance	(3,400)	(3,400)	3,399	6,799
Fund Balance - October 1 (Beginning)	25,082	25,082	25,082	-
Fund Balance - September 30 (Ending)	<u>\$ 21,682</u>	<u>\$ 21,682</u>	<u>\$ 28,481</u>	<u>\$ 6,799</u>

**CITY OF CORINTH, TEXAS
CHILD SAFETY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-13

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Police fees & permits	\$ 26,500	\$ 26,500	\$ 26,455	\$ (45)
Interest income	-	-	8	8
Total Revenues	26,500	26,500	26,463	(37)
EXPENDITURES				
Current:				
Public safety	26,500	26,500	22,221	4,279
Total Expenditures	26,500	26,500	22,221	4,279
Net Change in Fund Balance	-	-	4,242	4,242
Fund Balance - October 1 (Beginning)	17,053	17,053	17,053	-
Fund Balance - September 30 (Ending)	\$ 17,053	\$ 17,053	\$ 21,295	\$ 4,242

**CITY OF CORINTH, TEXAS
POLICE CONFISCATION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-14

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Police fees & permits	\$ 5,000	\$ 5,000	\$ 6	\$ (4,994)
Interest income	-	-	1,187	1,187
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>1,193</u>	<u>(3,807)</u>
EXPENDITURES				
Current:				
Public safety	5,000	5,000	5,000	-
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	(3,807)	(3,807)
Fund Balance - October 1 (Beginning)	7,712	7,712	7,712	-
Fund Balance - September 30 (Ending)	<u>\$ 7,712</u>	<u>\$ 7,712</u>	<u>\$ 3,905</u>	<u>\$ (3,807)</u>

**CITY OF CORINTH, TEXAS
COMMUNITY PARKS IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Exhibit C-15

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Parks & recreation fees	\$ 14,075	\$ 14,075	\$ 7,920	\$ (6,155)
Interest income	-	-	18	18
Total Revenues	<u>14,075</u>	<u>14,075</u>	<u>7,938</u>	<u>(6,137)</u>
Net Change in Fund Balance	14,075	14,075	7,938	(6,137)
Fund Balance - October 1 (Beginning)	14,385	14,385	14,385	-
Fund Balance - September 30 (Ending)	<u>\$ 28,460</u>	<u>\$ 28,460</u>	<u>\$ 22,323</u>	<u>\$ (6,137)</u>



**CITY OF CORINTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 AS OF SEPTEMBER 30, 2015**

	<u>Governmental Capital Projects</u>	<u>Vehicle Replacement Fund</u>	<u>LCFD Vehicle & Equipment Replacement</u>	<u>Tech Equipment Replacement</u>
ASSETS				
Cash	\$ 78,404	\$ 55,087	\$ 15,679	\$ 15,797
Investments	1,720,796	-	75,430	-
Receivables (net of allowance)				
Interest	<u>1,078</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,800,278</u>	<u>\$ 55,087</u>	<u>\$ 91,109</u>	<u>\$ 15,797</u>
LIABILITIES				
Accounts payable	<u>\$ 58,973</u>	<u>\$ -</u>	<u>\$ 1,440</u>	<u>\$ -</u>
Total Liabilities	58,973	-	1,440	-
FUND BALANCES				
Committed	<u>1,741,305</u>	<u>55,087</u>	<u>89,669</u>	<u>15,797</u>
Total Fund Balances	<u>1,741,305</u>	<u>55,087</u>	<u>89,669</u>	<u>15,797</u>
Total Liabilities and Fund Balances	<u>\$ 1,800,278</u>	<u>\$ 55,087</u>	<u>\$ 91,109</u>	<u>\$ 15,797</u>

Street Escrow Fund	2004 Tax Notes Fund	2007 CO Streets Fund	2007 CO Tech Fund	2010 CO Fire Fund	Total Nonmajor Capital Projects Funds
\$ 13,626	\$ 15,519	\$ 65,886	\$ 3,989	\$ 25,242	\$ 289,229
138,037	-	400,699	-	-	2,334,962
-	-	-	-	-	1,078
<u>\$ 151,663</u>	<u>\$ 15,519</u>	<u>\$ 466,585</u>	<u>\$ 3,989</u>	<u>\$ 25,242</u>	<u>\$ 2,625,269</u>
\$ -	\$ -	\$ 74,456	\$ 289	\$ 204	\$ 135,362
-	-	74,456	289	204	135,362
151,663	15,519	392,129	3,700	25,038	2,489,907
151,663	15,519	392,129	3,700	25,038	2,489,907
<u>\$ 151,663</u>	<u>\$ 15,519</u>	<u>\$ 466,585</u>	<u>\$ 3,989</u>	<u>\$ 25,242</u>	<u>\$ 2,625,269</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, 2015**

	Governmental Capital Projects	Vehicle Replacement Fund	LCFD Vehicle & Equipment Replacement	Tech Equipment Replacement
REVENUES				
Fire services	\$ -	\$ -	\$ 88,898	\$ -
Donations	-	-	-	250
Interest income	9,059	86	513	21
Miscellaneous income	-	-	3	-
Charges for services	-	59,354	-	-
Total Revenues	<u>9,059</u>	<u>59,440</u>	<u>89,414</u>	<u>271</u>
EXPENDITURES				
Current:				
Public safety	262,286	220,000	323,917	-
Public works	968,152	-	-	-
Planning and community development	-	-	-	-
City administration	-	25,000	-	12,122
Debt Service:				
Principal	-	-	76,895	-
Interest	-	-	20,392	-
Total Expenditures	<u>1,230,438</u>	<u>245,000</u>	<u>421,204</u>	<u>12,122</u>
Excess (Deficiency) of Revenues over Expenditures	(1,221,379)	(185,560)	(331,790)	(11,851)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	21,689	4,693	-
Transfers out	-	-	-	-
Transfers in	685,000	-	129,115	24,200
Total Other Financing Sources (Uses)	<u>685,000</u>	<u>21,689</u>	<u>133,808</u>	<u>24,200</u>
Net Change in Fund Balance	(536,379)	(163,871)	(197,982)	12,349
Fund Balance - October 1 (Beginning)	2,277,684	218,958	287,651	3,448
Fund Balance - September 30 (Ending)	<u>\$ 1,741,305</u>	<u>\$ 55,087</u>	<u>\$ 89,669</u>	<u>\$ 15,797</u>

Street Escrow Fund	2004 Tax Notes Fund	2007 CO Streets Fund	2007 CO Tech Fund	2010 CO Fire Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,898
-	-	-	-	-	250
411	16	1,422	21	44	11,593
-	-	-	-	-	3
-	-	-	-	-	59,354
<u>411</u>	<u>16</u>	<u>1,422</u>	<u>21</u>	<u>44</u>	<u>160,098</u>
-	-	-	-	32,426	838,629
-	-	613,741	-	-	1,581,893
-	2,940	-	23,126	-	26,066
-	-	-	-	-	37,122
-	-	-	-	-	76,895
-	-	2,700	289	454	23,835
<u>-</u>	<u>2,940</u>	<u>616,441</u>	<u>23,415</u>	<u>32,880</u>	<u>2,584,440</u>
411	(2,924)	(615,019)	(23,394)	(32,836)	(2,424,342)
-	-	-	-	-	26,382
(150,000)	-	-	-	-	(150,000)
-	-	485,359	-	-	1,323,674
<u>(150,000)</u>	<u>-</u>	<u>485,359</u>	<u>-</u>	<u>-</u>	<u>1,200,056</u>
(149,589)	(2,924)	(129,660)	(23,394)	(32,836)	(1,224,286)
301,252	18,443	521,789	27,094	57,874	3,714,193
<u>\$ 151,663</u>	<u>\$ 15,519</u>	<u>\$ 392,129</u>	<u>\$ 3,700</u>	<u>\$ 25,038</u>	<u>\$ 2,489,907</u>

CITY OF CORINTH, TEXAS
DISCRETELY PRESENTED COMPONENT UNIT
CORINTH ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2015

Exhibit C-18

	<u>Corinth Economic Development Corporation</u>
ASSETS	
Cash	\$ 199,713
Investments	2,781,466
Receivables (net of allowance)	
Sales Tax	114,120
Interest	1,502
Miscellaneous	580
Total Assets	<u>\$ 3,097,381</u>
LIABILITIES	
Accounts payable	\$ 5,099
Accrued Liabilities	3,345
Total Liabilities	<u>8,444</u>
FUND BALANCES	
Restricted	<u>3,088,937</u>
Total Fund Balances	<u>3,088,937</u>
Total Liabilities and Fund Balances	<u>\$ 3,097,381</u>

CITY OF CORINTH, TEXAS
DISCRETELY PRESENTED COMPONENT UNIT
CORINTH ECONOMIC DEVELOPMENT CORPORATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Exhibit C-19

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Sales	\$ 588,171	\$ 588,171	\$ 636,837	\$ 48,666
Interest income	8,500	8,500	11,026	2,526
Total Revenues	596,671	596,671	647,863	51,192
EXPENDITURES				
Current:				
Planning and Community development	838,132	838,132	327,327	510,805
Total Expenditures	838,132	838,132	327,327	510,805
Net Change in Fund Balance	(241,461)	(241,461)	320,536	561,997
Fund Balance - October 1 (Beginning)	2,768,401	2,768,401	2,768,401	-
Fund Balance - September 30 (Ending)	\$ 2,526,940	\$ 2,526,940	\$ 3,088,937	\$ 561,997



STATISTICAL SECTION





STATISTICAL SECTION

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

Contents	Page
Financial Trends	91
<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	96
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	103
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	107
<i>These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	110
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

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



CITY OF CORINTH, TEXAS

NET POSITION BY COMPONENT

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

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 37,162,807
Restricted	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	1,066,371
Unrestricted	5,847,984	5,762,421	6,112,583	8,395,075	2,683,382	6,854,904	6,708,569	5,660,613	4,522,015	1,767,508
Total Governmental Activities Net Position	<u>\$ 51,585,815</u>	<u>\$ 51,328,224</u>	<u>\$ 49,817,717</u>	<u>\$ 50,240,624</u>	<u>\$ 49,255,888</u>	<u>\$ 50,793,308</u>	<u>\$ 48,288,628</u>	<u>\$ 46,838,707</u>	<u>\$ 45,591,737</u>	<u>\$ 39,996,686</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 13,801,367	\$ 16,086,492	\$ 15,604,347	\$ 15,881,901	\$ 17,746,701	\$ 19,490,897	\$ 21,783,319	\$ 21,661,416	\$ 21,552,151	\$ 21,568,651
Restricted	-	-	-	-	-	-	-	-	-	645,963
Unrestricted	2,625,039	3,295,736	5,229,817	5,638,822	5,883,737	5,858,618	6,216,578	6,897,008	6,250,406	4,856,975
Total Business-Type Activities Net Position	<u>\$ 16,426,406</u>	<u>\$ 19,382,228</u>	<u>\$ 20,834,164</u>	<u>\$ 21,520,723</u>	<u>\$ 23,630,438</u>	<u>\$ 25,349,515</u>	<u>\$ 27,999,897</u>	<u>\$ 28,558,424</u>	<u>\$ 27,802,557</u>	<u>\$ 27,071,589</u>
Primary Government										
Net Investment in Capital Assets	\$ 56,588,101	\$ 58,542,727	\$ 56,288,501	\$ 56,932,335	\$ 57,605,348	\$ 61,028,325	\$ 60,749,042	\$ 59,063,015	\$ 58,543,154	\$ 58,731,458
Restricted	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	1,712,334
Unrestricted	8,473,023	9,058,157	11,342,400	14,033,897	8,567,119	12,713,522	12,925,147	12,557,621	10,772,421	6,624,483
Total Primary Government Net Position	<u>\$ 68,012,221</u>	<u>\$ 70,710,452</u>	<u>\$ 70,651,881</u>	<u>\$ 71,761,347</u>	<u>\$ 72,886,326</u>	<u>\$ 76,142,823</u>	<u>\$ 76,288,525</u>	<u>\$ 75,397,131</u>	<u>\$ 73,394,294</u>	<u>\$ 67,068,275</u>

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 GASB 65.
- (6) 2015 restated for implementation of GASB 68.

Business-type Activities:

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

Source: Exhibit A-1

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

Expenses	2006	2007 (1)	2008 (2)	2009	2010	2011	2012 (3)	2013	2014	2015 (4)
Governmental Activities [1]:										
Public Safety	\$ 2,570,307	\$ 2,745,345	\$ 6,891,365	\$ 7,956,599	\$ 7,716,433	\$ 7,454,086	\$ 7,769,391	\$ 8,188,441	\$ 8,558,062	\$ 8,937,222
Fire	1,565,570	1,995,931	-	-	-	-	-	-	-	-
Community Services	1,649,758	1,805,271	1,950,842	2,452,756	1,979,094	1,713,873	1,729,610	1,740,402	1,735,618	1,855,018
Public Works	4,105,885	4,065,127	4,571,006	1,784,753	4,152,860	4,268,961	4,829,902	4,726,964	4,655,417	4,661,909
Planning & Development	596,687	744,218	810,774	877,117	875,457	709,683	730,829	731,234	715,554	860,549
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	1,873,459
Financial Services	725,165	949,085	702,155	686,977	688,069	634,749	655,335	662,238	665,351	746,482
Interest on Long-Term Debt	578,365	530,981	894,159	969,752	920,663	809,445	821,597	743,848	702,883	613,346
Total Governmental Activities Expenses	12,385,871	13,549,708	17,246,206	16,068,125	18,209,031	17,254,289	18,144,590	18,424,979	18,887,554	19,547,985
Business-Type Activities:										
Water & Wastewater	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	11,107,570
Storm Water Utility	207,768	347,612	464,127	510,190	527,768	449,894	520,098	515,487	571,624	540,217
Total Business-Type Activities Expenses	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	11,647,787
Total Primary Government Expenses	\$ 20,977,664	\$ 22,250,883	\$ 27,670,122	\$ 26,934,719	\$ 28,998,482	\$ 27,686,009	\$ 28,863,324	\$ 29,370,177	\$ 30,104,848	\$ 31,195,772
Program Revenues										
Governmental Activities [2]:										
Charges for Services:										
Public Safety	\$ 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	\$ 3,516,328
Community Services	774,741	750,410	208,352	178,695	197,322	305,958	318,297	312,490	377,982	230,940
Public Works	-	-	-	-	-	340,413	72,087	25,895	111,242	209,723
Planning & Development	661,209	493,749	416,347	297,861	298,676	564,447	364,980	342,817	488,706	647,336
City Administration	7,890	13,972	-	-	-	-	-	-	94,979	92,142
Finance Services	252,636	559,992	881,951	1,024,019	1,180,425	177,273	88,599	-	-	-
Operating Grants & Contributions	211,840	202,291	271,544	107,572	166,836	152,477	101,458	144,879	284,954	299,613
Capital Grants & Contributions	688,101	1,055,742	725,200	171,306	1,243,666	858,404	944,835	551,016	-	380,748
Total Governmental Activities Program Revenues	2,730,117	3,247,690	4,945,571	4,807,915	5,945,290	5,617,220	4,926,886	4,694,037	4,953,143	5,376,830
Business-Type Activities:										
Charges for Services:										
Water & Wastewater	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	10,991,068
Storm Water Utility	364,504	432,848	495,193	552,871	587,074	552,916	655,400	667,215	680,128	692,943
Operating Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants & Contributions	1,265,180	2,127,103	2,071,941	649,055	1,255,490	1,303,744	581,490	192,927	176,068	607,013
Total Business-Type Activities Program Revenues	10,254,679	11,266,391	12,736,699	11,508,326	12,936,667	14,077,995	12,952,781	12,442,969	11,504,708	12,291,024
Total Primary Government Program Revenues	\$ 12,984,796	\$ 14,514,081	\$ 17,682,270	\$ 16,316,241	\$ 18,881,957	\$ 19,695,215	\$ 17,879,667	\$ 17,137,006	\$ 16,457,851	\$ 17,667,854
Net (Expense)/Revenue										
Governmental Activities	\$ (9,655,754)	\$ (10,302,018)	\$ (12,300,635)	\$ (11,260,210)	\$ (12,263,741)	\$ (11,637,069)	\$ (13,217,704)	\$ (13,730,942)	\$ (13,934,411)	\$ (14,171,155)
Business-Type Activities	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	643,237
Total Primary Government Net Expense	\$ (7,992,868)	\$ (7,736,802)	\$ (9,987,852)	\$ (10,618,478)	\$ (10,116,525)	\$ (7,990,794)	\$ (10,983,657)	\$ (12,233,171)	\$ (13,646,997)	\$ (13,527,918)

(1) 2007 restated for debt reallocation

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

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

(4) 2015 restated for implementation of GASB 68.

CITY OF CORINTH, TEXAS

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

Net (Expense)/Revenue	2006	2007 (1)	2008 (2)	2009	2010	2011	2012 (3)	2013	2014	2015
Governmental Activities	\$ (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)	\$ (14,171,155)
Business-Type Activities	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	643,237
Total Primary Government Net Expense	(7,973,048)	(7,736,802)	(9,987,853)	(10,618,478)	(10,116,525)	(7,990,794)	(10,983,657)	(12,233,171)	(13,646,997)	(13,527,918)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	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	9,291,409
Sales Taxes	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	1,889,020
Franchise Taxes	1,289,688	667,199	894,191	1,456,065	919,700	1,083,786	1,065,097	967,846	1,039,646	1,074,217
Hotel Occupancy Taxes (4)	-	-	-	-	-	-	-	-	-	67,833
Miscellaneous	37,082	46,395	73,884	95,154	20,050	34,555	143,809	38,121	13,925	45,685
Investment Earnings	427,975	562,353	740,740	318,460	207,718	98,471	63,010	49,427	53,968	55,043
Gain (Loss) on sale of Capital Assets	-	-	-	-	-	-	-	-	-	14,712
Special Item Outflow	-	-	(1,742,435)	-	-	(700,000)	(134,385)	8,556	-	-
Transfers	(22,500)	(138,510)	1,515,701	360,418	550,426	2,734,363	(269,093)	986,679	1,082,783	778,956
Total Governmental Activities	10,067,525	10,039,091	10,790,129	11,536,116	11,279,001	13,079,711	10,851,115	12,281,020	12,687,441	13,216,875
Business-Type Activities:										
Miscellaneous	19,983	103,243	11,212	53,980	355,428	31,858	11,738	5,145	10,216	(391)
Investment Earnings	95,712	164,855	643,642	295,606	157,497	75,308	59,488	42,290	29,280	18,423
Gain (Loss) on sale of Capital Assets	-	-	-	-	-	-	-	-	-	5,333
Special Item Outflow	-	-	-	-	-	700,000	134,385	-	-	-
Transfers	22,500	138,510	(1,515,701)	(360,418)	(550,426)	(2,734,363)	269,093	(986,679)	(1,082,783)	(778,956)
Total Business-Type Activities	138,195	406,608	(860,847)	(10,832)	(37,501)	(1,927,197)	474,704	(939,244)	(1,043,287)	(755,591)
Total Primary Government	\$ 10,205,720	\$ 10,445,699	\$ 9,929,282	\$ 11,525,284	\$ 11,241,500	\$ 11,152,514	\$ 11,325,819	\$ 11,341,776	\$ 11,644,154	\$ 12,461,284
Change in Net Position										
Governmental Activities	431,591	(262,927)	(1,510,507)	275,906	(984,740)	1,442,642	(2,366,589)	(1,449,922)	(1,246,970)	(954,280)
Business-Type Activities	1,801,081	2,971,824	1,451,936	630,900	2,109,715	1,719,078	2,708,751	558,527	(755,873)	(112,354)
Total Primary Government	\$ 2,232,672	\$ 2,708,897	\$ (58,571)	\$ 906,806	\$ 1,124,975	\$ 3,161,720	\$ 342,162	\$ (891,395)	\$ (2,002,843)	\$ (1,066,634)

(1) 2007 restated for debt reallocation.

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

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

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

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

Source: Exhibit A-2

TABLE D-4

CITY OF CORINTH, TEXAS

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

General Fund	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
Reserved	\$ 88,311	\$ 152,119	\$ 185,245	\$ 103,982	\$ 143,025	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Spendable	-	-	-	-	-	216,714	207,875	211,465	222,652	244,486
Unreserved	5,574,219	6,038,090	4,559,689	4,337,600	3,730,485	-	-	-	-	-
Unassigned	-	-	-	-	-	4,552,509	5,246,829	3,950,657	3,587,445	3,482,449
Total General Fund	\$ 5,662,530	\$ 6,190,209	\$ 4,744,934	\$ 4,441,582	\$ 3,873,510	\$ 4,769,223	\$ 5,454,704	\$ 4,162,122	\$ 3,810,097	\$ 3,726,935
All Other Governmental Funds										
Reserved	\$ 1,259,957	\$ 1,517,764	\$ 1,130,120	\$ 2,660,627	\$ 4,666,027	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	4,427,759	2,304,546	2,199,692	1,143,608	1,155,506
Committed	-	-	-	-	-	1,170,771	1,885,185	3,286,748	4,067,270	2,946,280
Unreserved, Reported In:										
Special Revenue Funds	792,626	1,190,922	1,472,819	1,862,162	1,879,248	-	-	-	-	-
Capital Projects Funds	1,672,512	9,324,007	10,639,614	7,670,458	2,054,708	-	-	-	-	-
Unassigned						(268,858)	(351,404)	(441,149)	(579,436)	(480,444)
Total all other Governmental Funds	\$ 3,725,095	\$ 12,032,693	\$ 13,242,553	\$ 12,193,247	\$ 8,599,983	\$ 5,329,672	\$ 3,838,327	\$ 5,045,291	\$ 4,631,442	\$ 3,621,342

(1) GASB 54 was implemented in 2011.

Source: Exhibit A-3

CITY OF CORINTH, TEXAS

TABLE D-5

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

Revenues	2006	2007[1]	2008	2009	2010	2011	2012	2013	2014	2015
Taxes	\$ 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	\$ 12,329,258
Licenses, Fees and Permits	661,652	468,395	400,375	283,232	304,009	1,091,761	661,689	285,165	903,407	1,050,172
Fines & Penalties	657,395	627,526	670,529	700,857	652,755	634,141	577,101	974,231	723,174	682,284
Charges for Services	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	3,132,880
Investment Earnings	427,975	562,354	740,741	318,461	207,717	98,470	63,010	49,427	53,967	55,043
Donations	-	-	-	-	713,564	1,012,607	947,567	571,827	89,514	96,633
Special Assessments	-	134,798	251,200	114,719	110,972	-	-	-	-	-
Intergovernmental	64,138	182,512	256,369	97,101	269,142	-	-	-	-	-
Other Revenues	433,153	48,776	613,801	99,494	63,697	160,522	205,271	190,849	82,083	123,070
Total Revenues	12,331,270	12,304,639	15,820,667	15,641,361	16,381,970	16,456,712	16,034,810	15,816,664	16,216,959	17,469,340
Expenditures										
Public Safety	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	9,167,774
Fire	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	1,765,661
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	2,600,403
Planning & Development	584,199	731,568	822,157	855,155	872,953	699,586	751,109	727,249	718,253	871,281
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	1,766,937
Finance Services	669,849	895,690	705,898	685,409	672,763	614,157	641,484	655,646	652,321	732,037
General Government	-	-	1,185,301	973,949	-	-	-	-	-	-
Capital Outlay	-	-	-	-	6,098,235	5,122,041	890,602	27,648	-	-
Debt Service										
Principal	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	1,836,489
Interest	580,911	501,107	883,984	910,577	870,581	847,405	813,965	756,738	694,004	627,358
Paying Agent Fees	6,478	15,379	5,064	9,366	-	-	-	-	-	-
Bond Issuance Costs	65,363	149,074	728	1,107	27,827	-	-	-	-	-
Total Expenditures	11,314,309	11,461,072	17,571,782	17,408,965	22,625,888	21,660,455	16,613,890	16,888,961	18,905,508	19,367,940
Excess of Revenues Over (Under) Expenditures	1,016,961	843,563	(1,751,115)	(1,767,604)	(6,243,918)	(5,203,743)	(579,080)	(1,072,297)	(2,688,549)	(1,898,600)
Other Financing Sources (Uses)										
Bonds Issued	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	-	-	-	5,434	-	-	-	-	-	-
Sale of Capital Assets	-	91,460	-	-	-	-	42,309	-	839,890	26,382
Transfers In/Out	309,009	(138,510)	1,515,701	360,418	550,426	2,734,363	(269,093)	986,679	1,082,783	778,956
Total Other Financing Sources (Uses)	281,949	7,991,895	1,515,701	365,852	2,050,426	2,734,363	(226,784)	986,679	1,922,673	805,338
Net Change in Fund Balances	\$ 1,298,910	\$ 8,835,458	\$ (235,414)	\$ (1,401,752)	\$ (4,193,492)	\$ (2,469,380)	\$ (805,864)	\$ (85,618)	\$ (765,876)	\$ (1,093,262)
Debt Service As A Percentage Of Noncapital Expenditures	22.7%	14.5%	13.9%	16.1%	16.8%	16.2%	17.6%	17.4%	15.8%	14.6%

[1] 2007 restated for debt reallocation.

Source: Exhibit A-5

CITY OF CORINTH, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

Fiscal Year	Property Tax	Sales & Hotel Tax	Franchise Tax	Total
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
2015	9,298,188	1,956,853	1,074,217	12,329,258
Percent Change 2006-2015	35.00%	35.80%	-16.71%	28.19%

(1) 2007 restated.

Source: A-5

TABLE D-7

CITY OF CORINTH, TEXAS

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

Fiscal Year	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percent of Actual Taxable Value
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	0.57698	1,393,914,517	97.629%
2010	1,153,359,201	325,754,337	92,100,190	1,387,013,348	0.57698	1,387,013,348	100.000%
2011	1,252,309,929	234,688,468	96,489,458	1,390,508,939	0.59292	1,390,508,939	100.000%
2012	1,211,861,253	268,045,937	88,120,582	1,391,786,608	0.59135	1,391,786,608	100.000%
2013	1,201,904,159	283,761,674	88,447,340	1,397,218,493	0.60489	1,397,218,493	100.000%
2014	1,221,191,136	295,352,467	85,760,821	1,430,782,782	0.60489	1,430,782,782	100.000%
2015	1,267,097,852	326,129,542	59,168,386	1,652,395,780	0.59489	1,652,395,780	100.000%

Source: Denton Central Appraisal District.

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

Fiscal Year	City Property Tax Rate			Overlapping Rates			
	O & M Tax Rate	General Obligation Debt Service	Total Tax Rate	Denton ISD	Lake Dallas ISD	Corinth Municipal Utility District	Denton County
2006	\$ 0.43239	\$ 0.12459	\$ 0.55698	\$ 1.86400	\$ 1.86000	\$ 0.31000	\$ 0.24648
2007	0.44739	0.10959	0.55698	1.76400	1.79000	0.31000	0.23192
2008	0.43852	0.13846	0.57698	1.49000	1.65000	0.31000	0.23577
2009	0.43852	0.13846	0.57698	1.49000	1.65000	0.21000	0.24980
2010	0.43852	0.13846	0.57698	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	-	0.28290
2014	0.46143	0.14346	0.60489	1.53000	1.67000	-	0.28490
2015	0.45143	0.14346	0.59489	1.54000	1.67000	-	0.27220

Source: Denton County Appraisal District

CITY OF CORINTH, TEXAS

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Denton County Elec Coop	21,030,718	1	1.27%	11,094,119	2	0.91%
S. Corinth Apartments LLC DBA The Boulev:	15,178,509	2	0.92%			
TXU Electric Delivery Co	12,883,342	3	0.78%	13,954,760	1	1.15%
MPT of Corinth LP	12,815,000	4	0.78%			
HD Supply Utilities LTD #3430	12,613,427	5	0.76%			
Utter Properties, LLC	8,712,098	6	0.53%	5,693,439	7	0.47%
Texas NHI Investors LLC	8,390,000	7	0.51%			
Tower Ridge Corinth I, LTD	8,076,706	8	0.49%			
Utter, Bill	6,946,009	9	0.42%	4,909,784	8	0.40%
2-10 Properties LLC	6,477,481	10	0.39%			
Upsilon Corp				8,118,741	3	0.67%
Boeing - Corinth Inc.				7,685,799	4	0.63%
Kensington Square LP PS				6,365,745	5	0.52%
Albertson's				5,842,867	6	0.48%
Hughes Supply Inc				4,860,649	9	0.40%
CMC Land Inc				4,661,519	10	0.38%
Total	<u>113,123,290</u>		<u>6.85%</u>	<u>73,187,422</u>		<u>6.02%</u>

Source: Denton Central Appraisal District

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

TABLE D-10

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%	83,940	8,107,278	99.79%
2011	8,222,763	8,121,978	98.77%	80,705	8,202,683	99.76%
2012	8,298,852	8,207,634	98.90%	67,162	8,274,796	99.71%
2013	8,451,696	8,425,528	99.69%	225	8,425,753	99.69%
2014	8,655,958	8,630,897	99.71%	-	8,630,897	99.71%
2015	9,188,784	9,159,780	99.68%	-	9,159,780	99.68%

Source: Denton County Tax Office

CITY OF CORINTH, TEXASTAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)
Agriculture, Forestry, Fishing	-	-	-	-	-	-	-	-	-	-
Construction	2,537,401	6,400,892	4,351,614	1,746,710	311,261	942,329	2,181,247	2,864,383	2,318,987	1,474,205
Manufacturing	4,962,686	2,636,616	3,006,576	2,753,171	923,369	738,044	484,720	449,875	626,667	205,574
Transportation, Communications, Utilities	78,610,397	85,742,334	103,385,801	88,626,467	90,520,993	90,939,863	82,316,673	92,911,304	109,928,880	53,186,352
Wholesale Trade	6,764,242	3,266,001	2,618,569	2,659,948	3,213,997	4,319,250	2,497,630	3,018,201	3,088,654	4,725,962
Retail Trade	22,304,776	24,101,476	22,599,645	19,620,574	20,762,549	22,850,992	26,103,441	26,976,933	27,897,192	13,728,696
Services	2,295,353	4,163,780	4,513,536	4,639,562	4,879,098	5,710,772	6,865,632	6,731,718	7,243,623	3,538,482
Other	23,256,965	25,868,213	18,291,600	14,022,886	19,772,152	21,602,742	23,290,303	24,292,304	24,646,966	12,355,232
Total	140,731,820	152,179,312	158,767,341	134,069,318	140,383,419	147,103,992	143,739,646	157,244,718	175,750,969	89,214,503
Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(1) Due to a reporting lag from the State Comptroller's Office, sales tax for 2015 reports only the first two quarters.

Source: Texas State Comptroller

CITY OF CORINTH, TEXAS

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

Fiscal Year	Corinth Direct Sales Tax Rate	Corinth Street Maintenance Sales Tax	Economic Development Sec. 4(B) Sales Tax	Corinth Crime Control & Prevention Sales Tax
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%
2015	1.00%	0.25%	0.50%	0.25%

Source: City of Corinth Finance department

CITY OF CORINTH, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt			Percent of Actual Taxable Value of Property	Per Capita	Other Governmental Activities Debt	
	General Obligation Bonds	Certificates of Obligation/ Tax Notes	Total Tax Supported Debt			Capital Leases	
2006	\$ 13,257,400	\$ 135,000	\$ 13,392,400	1.10%	\$ 722	\$ 87,645	
2007	12,599,150	7,780,000	20,379,150	1.51%	1,048	67,098	
2008	11,791,500	9,154,333	20,945,833	1.50%	1,066	45,667	
2009	10,978,150	8,473,000	19,451,150	1.43%	983	23,314	
2010	10,106,450	9,364,000	19,470,450	1.40%	977	-	
2011	9,082,075	10,860,931	19,943,006	1.43%	1,000	-	
2012	8,004,950	10,403,931	18,408,881	1.32%	922	-	
2013	6,887,875	8,682,775	15,570,650	1.11%	774	-	
2014	5,738,000	8,021,998	13,759,998	0.96%	669	758,058	
2015	4,611,500	7,388,904	12,000,404	0.73%	582	683,391	

Fiscal Year	Business-Type Activities				Capital Leases	Total Primary Government	Per Capita	Percent of Personal Income
	General Obligation Bonds	Certificates of Obligation	Total					
2006	\$ 2,782,600	\$ -	\$ 2,782,600	\$ 87,645	\$ 16,350,290	\$ 881	2.48%	
2007	2,615,850	15,930,000	18,545,850	67,098	39,059,196	2,008	5.50%	
2008	2,413,500	13,620,667	16,034,167	45,667	37,071,334	1,887	5.26%	
2009	2,176,850	13,327,000	15,503,850	23,314	35,001,628	1,769	4.78%	
2010	1,923,550	12,956,000	14,879,550	-	34,350,000	1,724	4.65%	
2011	1,777,925	10,509,069	12,286,994	-	32,230,000	1,617	4.35%	
2012	1,625,050	11,060,615	12,685,665	-	31,094,546	1,558	4.40%	
2013	1,467,125	10,492,224	11,959,349	-	27,529,999	1,368	3.75%	
2014	1,307,000	9,898,002	11,205,002	-	25,723,058	1,250	3.34%	
2015	1,063,500	9,341,096	10,404,596	-	23,088,391	1,120	2.92%	

Source: City of Corinth Finance department

CITY OF CORINTH, TEXAS**TABLE D-14***RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS*

Fiscal Year	General Obligation Bonds	Percent of Actual Taxable Value of Property	Per Capita
2006	13,257,400	1.08%	715
2007	12,599,150	0.92%	648
2008	11,791,500	0.83%	600
2009	10,978,150	0.79%	555
2010	10,106,450	0.73%	507
2011	9,082,075	0.65%	456
2012	8,004,950	0.58%	401
2013	6,887,875	0.49%	342
2014	5,738,000	0.40%	279
2015	4,611,500	0.28%	224

Source: City of Corinth Finance department

CITY OF CORINTH, TEXAS

DIRECT AND OVERLAPPING

GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Direct & Overlapping Debt
Debt Repaid With Property Taxes			
Denton Co.	\$ 634,275,000	2.42%	\$ 15,349,455
Denton ISD	879,287,344	6.90%	60,670,827
Lake Dallas ISD	85,340,014	45.61%	38,923,580
Other Debt			
Denton County Capital Leases	829,518	2.42%	20,074
Denton ISD Capital Leases	689,659	6.90%	47,586
Lake Dallas ISD	464,697	45.61%	211,948
Subtotal, Overlapping Debt			115,223,471
City Direct Debt			22,405,000
Total Direct and Overlapping Debt			\$ 137,628,471

Source: First Southwest Financial Services

CITY OF CORINTH, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 118,622,835	\$ 121,504,628	\$ 134,609,581	\$ 142,209,231	\$ 138,701,335	\$ 139,050,693	\$ 139,178,661	\$ 139,721,850	\$ 143,078,278	\$ 165,239,578
Total Net Debt Applicable to Limit	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	22,180,581
Legal Debt Margin	\$ 101,377,835	\$ 82,579,628	\$ 97,629,581	\$ 108,008,315	\$ 108,018,621	\$ 110,497,789	\$ 110,179,477	\$ 113,192,668	\$ 118,441,315	\$ 143,058,997
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	14.54%	32.04%	27.47%	24.05%	22.12%	20.53%	20.84%	18.99%	17.22%	13.42%
								Assessed Value		\$ 1,652,395,780
								Debt Limit (10% of Assessed Value)		165,239,578
								Debt Applicable to Limit:		
								General Obligation Bonds		22,405,000
								Less: Amount Set Aside for Repayment of General Bonded Debt		224,419
								Total Net Debt applicable to Limit		<u>22,180,581</u>
								Legal Debt Margin		<u>\$ 143,058,997</u>

Source: City of Corinth Finance department

CITY OF CORINTH, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population [1]	18,550	19,450	19,650	19,788	19,926	19,935	19,961	20,126	20,578	20,620
Median Household Income [2]	91,266	93,776	92,179	95,696	96,653	99,127	101,176	104,211	106,877	109,543
Per Capita Personal Income [1]	35,521	36,498	35,876	36,987	37,097	37,135	35,388	36,450	37,411	38,372
Median Age [1]	31	31	32	32	32	33	36	36	36	36
Education Level [1], [3]										
School Enrollment	N/A	N/A	N/A	N/A	3,465	3,338	3,533	3,398	3,490	3,582
High school graduate or higher	96%	96%	96%	96%	96%	96%	96%	97%	97%	97%
Bachelor's degree or higher	39%	39%	39%	40%	42%	42%	43%	40%	42%	42%
Unemployment [4]	3.80%	4.00%	4.80%	7.10%	7.10%	6.60%	5.70%	5.30%	4.40%	4.40%

[1] The figures for 2009-2013 are estimates from American FactFinder and the figures for 2014-2015 are estimates based on current trends.

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

[3] The school enrollment (Denton / Lake Dallas ISD) figures are based on numbers provided by the Texas Education Agency (TEA) for 2010-2014; and the figure provided for 2015 is an estimate based on current trends.

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

Source: City of Corinth Economic Development

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

	2015			2006 [1]		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
North Central Texas College	380	1	8.76%			
CoServ	350	2	8.07%			
Lake Dallas ISD	183	3	4.22%			
City of Corinth	158	4	3.64%			
Bill Utter Ford	150	5	3.46%			
Albertsons	100	6	2.31%			
Orr Nissan	100	7	2.31%			
HD Supply Utilities 60	60	8	1.38%			
Oakmont Country Club	58	9	1.34%			
McClain's RV Ft. Worth Inc.	50	10	1.15%			
Total	1,589		36.64%			

[1] 2006 Employer data is unavailable.

Source: City of Corinth Economic Development

CITY OF CORINTH, TEXAS

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
City Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Legal	-	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Police	30.00	31.00	31.00	31.00	28.00	28.00	28.00	31.00	32.00	33.00
Animal Control	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Lake Cities Fire Department [2]	38.00	40.00	41.00	41.00	41.00	41.00	40.00	40.00	41.00	41.00
Streets	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00
Fleet Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Community Development [3]	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Planning	2.00	4.00	5.00	5.00	4.00	4.00	3.00	4.00	5.00	5.00
Code Enforcement [3]	3.00	1.00	1.00	-	-	-	-	-	-	-
Municipal Court	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Parks & Recreation	17.00	18.30	18.30	18.30	17.80	17.80	17.50	17.50	16.00	16.00
Finance [1]	5.00	6.00	7.00	7.00	6.50	6.50	6.50	6.50	7.50	7.50
Human Resources [1]	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Information Services [1]	1.00	2.00	2.00	2.00	2.50	2.50	3.00	3.00	4.00	4.00
Water/Wastewater Fund										
Water/Wastewater	23.60	23.00	23.00	23.00	21.00	21.00	21.00	21.00	21.00	22.00
Utility Billing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Storm Drainage Fund	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Corinth Economic Development Cor 	2.00	1.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00
Crime Control District Fund	-	-	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Child Safety Program Fund	-	-	-	-	0.34	0.34	0.34	0.50	0.50	0.50
Court Security Fund	-	-	-	-	-	-	-	-	-	0.50
Total	152.10	157.80	165.80	164.80	158.64	158.64	156.84	159.00	162.50	163.00

[1] Human Resources and Information Services were combined with Finance from 1999 through 2005.

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

[3] Code Enforcement was combined with Community Development from 1999 through 2004.

Source: City of Corinth Adopted Budget.

CITY OF CORINTH, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
New Single Family Home Building Permits	108	50	18	20	25	32	18	18	23	47
New Commercial Building Permits	9	3	7	2	2	2	2	-	4	5
Police										
Physical Arrests	836	572	565	531	516	410	349	316	304	329
Parking Violations	38	51	22	41	20	38	14	3	7	22
Traffic Violations	8,711	7,102	6,756	5,978	6,046	5,544	5,787	7,021	7,436	7,196
Fire										
Emergency Responses [1]	930	1,089	2,235	2,198	2,422	2,600	2,655	2,889	3,164	3,372
Structure Fires Extinguished	29	42	33	55	56	66	49	36	21	18
Inspections	137	349	330	313	376	395	180	621	434	204
Other Public Works										
Street Resurfacing (miles)	<1	1	<1	<1	2.5	2.7	1.5	<1	<1	<1
Potholes Repaired	461	6,080	1,275	1,110	637	1,160	2,948	120	77	244
Parks and Recreation										
Classes offered (hours) [2]	565	526	1,935	1,424	894	454	273	286	437	310
Participants	4,150	3,758	7,501	7,162	4,420	4,105	1,936	2,225	3,822	6,609
Special events (hours) [2]	124	117	698	963	1,351	4,484	1,054	2,381	3,432	2,699
Class Participants [3]	21,284	22,000	18,187	22,065	31,409	39,567	8,312	4,714	5,185	2,394
Association Participants [4]	-	24,880	82,890	83,010	115,910	126,940	25,236	20,327	18,806	29,792
Athletic League Participants [4]	-	-	-	-	-	-	67,056	32,022	22,944	7,936
Recreation center Participants [5]	12,453	15,768	10,072	7,095	5,327	4,243	7,610	8,088	4,862	2,510
Water										
New Connections	131	98	12	15	35	50	18	19	26	56
Water Main Breaks	47	5	11	26	9	8	3	13	9	8
Average Daily Consumption (millions of gallons billed)	3.55	2.45	2.66	2.60	2.24	3.77	4.24	3.66	3.16	3.54
Peak Demand (millions of gallons pumped)	7.35	5.59	7.00	6.24	6.36	7.99	7.32	6.08	6.01	6.71
Wastewater										
New Connections	22	151	14	16	35	43	18	19	23	51
Average Daily Sewage Treatment (MGD)										
Upper Trinity Regional Water District [6]	0.67	1.05	1.01	1.05	1.20	1.02	1.10	1.08	1.06	1.19
City of Denton (estimate) [6] [7]	1.25	0.70	0.92	0.84	0.92	0.30	1.78	0.25	0.29	0.20

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

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

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

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

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

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

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

Source: Various City of Corinth departments.

CITY OF CORINTH, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
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) [1]	100.00	107.89	110.00	110.00	110.50	110.50	88.99	88.99	88.99	89.44
Highways (miles) [2]	3.10	3.10	3.10	3.10	3.10	3.10	6.29	6.29	6.29	6.29
Traffic Signals	1	2	2	2	2	6	7	8	8	8
Parks and Recreation										
Acreage	182	184	184	184	184	184	184	184	184	184
Playgrounds	10	11	11	11	11	11	11	11	11	11
Baseball/Softball Fields	7	7	8	8	8	8	8	8	9	9
Soccer/Football Fields	6	6	6	6	6	6	6	8	8	8
Recreation Centers	2	2	2	2	2	2	2	2	2	2
Trails (miles)	11.66	12.74	12.74	12.74	12.74	12.74	12.74	12.74	12.74	12.74
Water										
Connections	6,574	6,672	6,671	6,719	6,766	6,780	6,809	6,810	6,831	6,977
Water Mains (miles)	104.60	103.29	103.29	105.47	106.14	108.06	110.40	110.63	111.77	112.70
Fire Hydrants	750	732	732	774	785	787	810	822	826	836
Storage Capacity (millions of gallons)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.50
Subscribed Capacity, UTRWD (MGD)	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Wastewater										
Connections	6,267	6,418	6,413	6,452	6,433	6,512	6,537	6,536	6,573	6,705
Sanitary Sewers (miles)	95.20	93.68	93.68	96.21	96.38	97.64	97.88	98.33	98.09	98.30
Storm Sewers (miles)	30.04	31.00	31.00	33.46	35.30	36.85	38.37	38.73	38.71	39.80
Treatment Capacity, UTRWD (MGD) [3]	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82

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

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

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

Source: Various City of Corinth departments.