



**CITY OF CORSICANA, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2008**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**CITY OF CORSICANA, TEXAS**

**TABLE OF CONTENTS**

**SEPTEMBER 30, 2008**

**Page  
Number**

**INTRODUCTORY SECTION**

Letter of Transmittal .....	i
Organizational Chart.....	ii
List of Principal Officials.....	iii

**FINANCIAL SECTION**

Independent Auditors' Report.....	1 – 2
Management's Discussion and Analysis .....	3 – 10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15

**(continued)**

**CITY OF CORSICANA, TEXAS**

**TABLE OF CONTENTS  
(Continued)  
SEPTEMBER 30, 2008**

**Page  
Number**

**FINANCIAL SECTION (Continued)**

Fund Financial Statements (Continued)

Statement of Revenues, Expenditures and Changes in  
Fund Balances – Budget and Actual – General Fund ..... 16 – 18

Statement of Net Assets – Proprietary Funds ..... 19

Statement of Revenues, Expenses and Changes in  
Fund Net Assets – Proprietary Funds ..... 20

Statement of Cash Flows – Proprietary Funds..... 21 – 22

Notes to Financial Statements..... 23 – 47

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet..... 48 – 53

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances ..... 54 – 59

**STATISTICAL SECTION**

Top Ten Taxpayers ..... 60

Miscellaneous Statistical Facts ..... 61

Principal Employers..... 62

# **INTRODUCTORY SECTION**

**THIS PAGE LEFT BLANK INTENTIONALLY**



# CITY OF CORSICANA, TEXAS

June 30, 2009

To the Citizens of the City of Corsicana:

The annual financial report of the City of Corsicana for the year ended September 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The annual financial report is presented in three sections; Introductory, Financial and Statistical. The introductory section includes this transmittal letter, the City's organizational chart and the list of principal City officials. The financial section includes the basic financial statements and the individual and combining fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the City of Corsicana. The City provides a full range of services including police and fire protection, sanitation services, construction and maintenance of streets and infrastructure, recreational activities and cultural events.

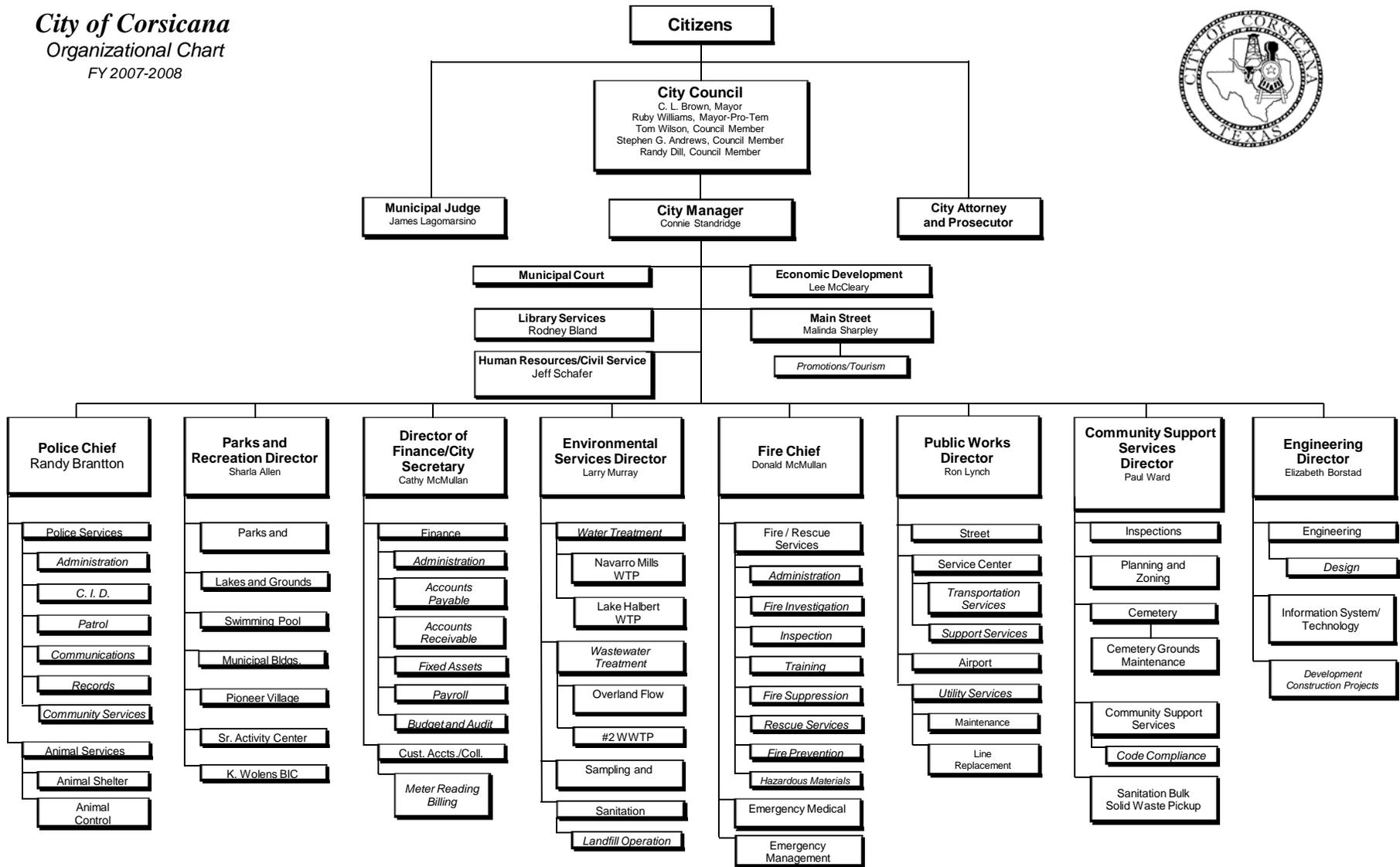
The City of Corsicana, with a population of approximately 26,768 is located in north central Texas, 53 miles south of Dallas and 54 miles east of Waco. The City has a diversified economic base comprised of agri-business, industry and mineral production.

The City has designated an area as an "Enterprise Zone" pursuant to the Texas Enterprise Zone Act and provided tax incentives and assistance to induce investment from private resources in productive business enterprises to locate in a severely distressed area of the City, and to provide employment to residents of the area. The City continues to implement inducements to locate and expand business in Corsicana through the Texas Capital Fund.

Sincerely,

City of Corsicana

**City of Corsicana**  
 Organizational Chart  
 FY 2007-2008



**CITY OF CORSICANA, TEXAS**

**LIST OF PRINCIPAL OFFICIALS**

**SEPTEMBER 30, 2008**

**ELECTED OFFICIALS**

Mayor	C. L. "Buster" Brown
Mayor Pro-tem, Precinct 1	George Walker
Council Member, Precinct 2	Ruby Williams
Council Member, Precinct 3	Stephen G. Andrews
Council Member, Precinct 4	Randy Dill
City Attorney	Terry Jacobson
Municipal Court Judge	Mike Russell

**CITY STAFF**

City Manager	Connie Standridge
Director of Finance/City Secretary	Cathy McMullan
Economic Development Director	Lee McCleary
Police Chief	Randy Bratton
Fire Chief	Donald McMullan
Public Works Director	Ron Lynch
Director of Environmental Services	Larry Murray
Engineering Director	Elizabeth Borstad
Parks and Recreation Director	Sharla Allen
Library Director	Rodney Bland
Community Support Services Director	Paul Ward
Human Resources Director	Jeff Schafer
Main Street Manager	Malinda Sharpley

**THIS PAGE LEFT BLANK INTENTIONALLY**

# **FINANCIAL SECTION**

**THIS PAGE LEFT BLANK INTENTIONALLY**

## INDEPENDENT AUDITORS' REPORT

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

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

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

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

In accordance with *Government's Auditing Standards*, we have also issued our report dated June 30, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Pattillo, Brown & Hill, L.L.P.*

June 30, 2009

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

**THIS PAGE LEFT BLANK INTENTIONALLY**

## Management's Discussion and Analysis

As management of the City of Corsicana, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Corsicana exceeded its liabilities as of September 30, 2008, by \$61,382,216 (net assets). Of this amount, \$3,368,030 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's change in net assets was a decrease of \$2,377,228.
- At the close of the current fiscal year, the City of Corsicana's governmental funds reported combined ending fund balances of \$6,760,650. Of this amount, \$6,671,941 represents unreserved fund balances available for use within the City's fund designation and fiscal policies.
- As of September 30, 2008, the unreserved, undesignated fund balance for the General Fund was \$1,897,060.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Corsicana's basic financial statements. The City's basic 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 themselves.

**Government-wide Financial Statements** – The government-wide financial statements, which begin on page 11 of this report, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 General Government, Public Safety, Public Works, and Community Services. The business-type activities of the City include Utility Operations (Water and Sewer), Sanitation, and EMS (Emergency Medical Services).

**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 Corsicana, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 13 of this report, 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, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds** – The City maintains one type of proprietary fund, the Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an Enterprise Fund to account for the Utility Operations Fund, Sanitation Fund, and the EMS (Emergency Medical Services) Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements, which begin on page 19 of this report, provide separate information for the Utility Operations, Sanitation and EMS Enterprise Funds since they are considered to be major funds of the City.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 – 47 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules for nonmajor funds are presented immediately following the notes to the financial statements beginning on page 48 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Corsicana, net assets exceeded liabilities by \$61,382,216 as of September 30, 2008.

The largest portion of the City's net assets \$56,677,824 reflects its investments in capital assets (e.g., land, building, equipment, improvements, and construction in progress), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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.

## CITY OF CORSICANA'S NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 9,795,974	\$ 9,943,545	\$ 22,309,539	\$ 24,065,548	\$ 32,105,513	\$ 34,009,093
Capital assets	<u>51,771,350</u>	<u>49,769,694</u>	<u>45,432,688</u>	<u>44,924,253</u>	<u>97,204,038</u>	<u>94,693,947</u>
Total assets	<u>61,567,324</u>	<u>59,713,239</u>	<u>67,742,227</u>	<u>68,989,801</u>	<u>129,309,551</u>	<u>128,703,040</u>
Other liabilities	2,238,577	2,568,614	1,779,542	4,754,837	4,018,119	7,323,451
Long-term liabilities	<u>16,122,207</u>	<u>10,978,438</u>	<u>47,783,009</u>	<u>46,711,120</u>	<u>63,905,216</u>	<u>57,689,558</u>
Total liabilities	<u>18,360,784</u>	<u>13,547,052</u>	<u>49,562,551</u>	<u>51,465,957</u>	<u>67,923,335</u>	<u>65,013,009</u>
Net assets:						
Invested in capital assets, net of related debt	40,704,695	43,535,773	15,973,129	13,591,302	56,677,824	57,127,075
Restricted	6,805	65,981	1,333,557	3,426,490	1,340,362	3,492,471
Unrestricted	<u>2,495,040</u>	<u>2,564,433</u>	<u>872,990</u>	<u>506,052</u>	<u>3,368,030</u>	<u>3,070,485</u>
Total net assets	<u>\$ 43,206,540</u>	<u>\$ 46,166,187</u>	<u>\$ 18,179,676</u>	<u>\$ 17,523,844</u>	<u>\$ 61,386,216</u>	<u>\$ 63,690,031</u>

A portion of the City's net assets, \$1,340,362 represents resources that are subject to external restriction on how they may be used. The remaining balance, \$3,368,030 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

**Analysis of the City's Operations** – The following table provides a summary of the City's operations for the year ended September 30, 2008. Governmental activities decreased the City of Corsicana's net assets by \$(3,033,060) and business-type activities increased the City's net assets by \$655,832.

## CITY OF CORSICANA'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,385,654	\$ 924,505	\$ 19,438,541	\$ 18,542,753	\$ 20,824,195	\$ 19,467,258
Operating grants and contributions	719,494	841,099	-	-	719,494	841,099
Capital grants and contributions	136,137	525,399	-	-	136,137	525,399
General revenues:						
Ad valorem taxes	6,819,390	6,214,531	-	-	6,819,390	6,214,531
Sales taxes	5,306,960	5,025,853	-	-	5,306,960	5,025,853
Franchise taxes	2,292,672	2,739,941	-	-	2,292,672	2,739,941
Other taxes	676,789	654,922	-	-	676,789	654,922
Investment earnings	317,278	451,178	649,677	735,809	966,955	1,186,987
Miscellaneous	195,822	360,569	-	-	195,822	360,569
Total revenues	<u>17,850,196</u>	<u>17,737,997</u>	<u>20,088,218</u>	<u>19,278,562</u>	<u>37,938,414</u>	<u>37,016,559</u>
Expenses:						
General government	4,222,680	3,716,908	-	-	4,222,680	3,716,908
Public safety	8,010,253	7,203,500	-	-	8,010,253	7,203,500
Public works	6,857,387	3,746,007	-	-	6,857,387	3,746,007
Community services	2,795,635	2,670,104	-	-	2,795,635	2,670,104
Interest on long-term debt	467,423	578,480	-	-	467,423	578,480
Utility operations	-	-	11,574,461	11,227,697	11,574,461	11,227,697
Sanitation	-	-	2,670,527	2,541,502	2,670,527	2,541,502
Emergency medical services	-	-	3,717,276	4,064,683	3,717,276	4,064,683
Total expenses	<u>22,353,378</u>	<u>17,914,999</u>	<u>17,962,264</u>	<u>17,833,882</u>	<u>40,315,642</u>	<u>35,748,881</u>
Increases in net assets before transfers	( 4,503,182)	( 177,002)	2,125,954	1,444,680	( 2,377,228)	1,267,678
Transfers	<u>1,470,122</u>	<u>1,371,671</u>	( 1,470,122)	( 1,371,671)	-	-
Change in net assets	( 3,033,060)	1,194,669	655,832	73,009	( 2,377,228)	1,267,678
Net assets - beginning	46,166,187	44,971,518	17,523,844	17,450,835	63,690,031	62,422,353
Prior period adjustment	<u>73,413</u>	-	-	-	<u>73,413</u>	-
Net assets - ending	<u>\$ 43,206,540</u>	<u>\$ 46,166,187</u>	<u>\$ 18,179,676</u>	<u>\$ 17,523,844</u>	<u>\$ 61,386,216</u>	<u>\$ 63,690,031</u>

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, the City of Corsicana's governmental funds reported combined ending fund balances of \$6,760,650. Approximately 99% of this total fund balance constitutes an unreserved fund balance. The remainder of the fund balance \$88,709 is reserved to indicate what is not available for new spending because it has already been committed to pay for debt service, inventory usage and prepaid items. Refer to page 13 of this report for a more detailed presentation of governmental fund balances.

In the General Fund, the City originally budgeted for a \$358,653 increase in fund balance. The actual increase to fund balance for the General Fund was \$21,890 for fiscal year 2008. The primary reason for the lower than expected addition to fund balance is a decrease in franchise tax revenues.

**Proprietary Funds** – The City's proprietary fund statements, beginning on page 19 of this report, provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets are \$(119,832) for the Utility Operations Fund, \$(214,349) for the Sanitation Fund, and \$1,207,171 for the EMS Fund. These proprietary funds experienced changes in total net assets during the year of \$(275,161), \$207,019, and \$723,974, respectively. The City sells water to most surrounding towns in Navarro County and these are the City's top users. Wastewater revenues were lower, and administrative costs were higher than anticipated in the Utility Operations Fund. The Sanitation Operating Fund continues to remain fairly stable. The EMS Fund increase is due to higher collections of accounts receivables, which lowered bad debt expenses recognized.

**General Fund Budgetary Highlights** – Refer to the General Fund Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual on pages 16 – 18 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2008.

## CAPITAL ASSETS

The City of Corsicana's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$97,204,038 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements other than buildings, infrastructure and construction work in progress. Major capital asset events occurring during the current fiscal year related primarily to the purchase of land for the Corsicana Industrial Park, water and wastewater infrastructure projects, machinery and equipment, and other improvements.

## CITY OF CORSICANA'S CAPITAL ASSETS AT FISCAL YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 16,056,540	\$ 15,016,660	\$ 3,686,358	\$ 3,686,358	\$ 19,742,898	\$ 18,703,018
Buildings and improvements	16,967,371	16,351,400	4,279,227	4,279,228	21,246,598	20,630,628
Machinery and equipment	6,227,813	5,895,853	24,107,835	23,717,073	30,335,648	29,612,926
Waterworks and wastewater system	-	-	33,971,100	33,682,894	33,971,100	33,682,894
Infrastructure	41,104,755	41,022,059	-	-	41,104,755	41,022,059
Construction in progress	1,405,925	323,346	2,148,967	709,686	3,554,892	1,033,032
Less: accumulated depreciation	( 29,991,054)	( 28,839,624)	( 22,760,799)	( 21,150,986)	( 52,751,853)	( 49,990,610)
<b>Total capital assets</b>	<b>\$ 51,771,350</b>	<b>\$ 49,769,694</b>	<b>\$ 45,432,688</b>	<b>\$ 44,924,253</b>	<b>\$ 97,204,038</b>	<b>\$ 94,693,947</b>

Additional information on the City's capital assets can be found in Note 4, pages 35 – 36 of this report.

### DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Corsicana had total bonded debt of \$59,825,000. Of this amount, \$35,800,000 represents bonded debt backed by the full faith and credit of the government and \$24,025,000 represents bonds secured solely by specific revenue sources (i.e. revenue bonds).

## CITY OF CORSICANA'S OUTSTANDING BONDS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation	\$ 7,072,871	\$ 3,968,922	\$ -	\$ -	\$ 7,072,871	\$ 3,968,922
Revenue bonds payable	-	-	24,025,000	25,370,000	24,025,000	25,370,000
Certificates of obligation	6,412,585	6,618,025	22,314,544	23,108,053	28,727,129	29,726,078
	<u>\$ 13,485,456</u>	<u>\$ 10,586,947</u>	<u>\$ 46,339,544</u>	<u>\$ 48,478,053</u>	<u>\$ 59,825,000</u>	<u>\$ 59,065,000</u>

During the fiscal year, the City issued \$3,400,000 in General Obligation Refunding Bonds.

The City's General Obligation, Certificates of Obligation, and Revenue Bond ratings are listed below.

	Moody's	Standard and Poor's
Tax Bonds	A3	A-
Revenue Bonds	Baa1	BBB+

Additional information on the City of Corsicana's long-term debt can be found on pages 38 – 41 of this report.

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

The General Fund budget (including transfers in) for fiscal year 2009 is based on a projected revenue increase of 2.2% compared to the fiscal year 2008 adopted budget due to anticipated growth. Approximately 33% of General Fund revenues budgeted is sales taxes. Property taxes in FY 2009 make up about 34% of budgeted revenues.

The City's budget has been impacted by an increase in economic growth and sales tax receipts for FY 2008. This revenue source is the most volatile and the City is expecting a small increase in sales tax for FY 2009 as compared to FY 2008.

Operating expenditures remained fairly level with the prior year budget. A 20-year step pay plan was implemented for all non-civil service employees. Implementation guaranteed at least a 2% salary increase in this fiscal year.

The Water and Sewer Fund budget reflects an increase in utility rates implemented in August, 2008 after a rate study was complete, to cover the increasing costs of the Fund. The City re-evaluates utility rates annually at mid-year.

## **REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Cathy McMullan, Director of Finance, at 200 N. 12<sup>th</sup> Street, Corsicana, Texas 75110, or call (903) 654-4815.

**BASIC  
FINANCIAL STATEMENTS**

**THIS PAGE LEFT BLANK INTENTIONALLY**

# CITY OF CORSICANA, TEXAS

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 6,105,483	\$ 988,317	\$ 7,093,800
Receivables, net of allowances for uncollectibles			
Accounts	548,457	2,960,904	3,509,361
Taxes	1,846,893	-	1,846,893
Due from other governments	505,523	-	505,523
Internal balances	361,873	( 361,873)	-
Deferred charges	344,691	1,050,247	1,394,938
Inventories	73,039	-	73,039
Prepays	10,015	1,934	11,949
Restricted cash and investments	-	17,670,010	17,670,010
Capital assets:			
Land	16,056,540	3,686,358	19,742,898
Construction in progress	1,405,925	2,148,967	3,554,892
Buildings and improvements	16,967,371	4,279,227	21,246,598
Waterworks and wastewater system	-	33,971,100	33,971,100
Machinery and equipment	6,227,813	24,107,835	30,335,648
Infrastructure	41,104,755	-	41,104,755
Less: accumulated depreciation	( 29,991,054)	( 22,760,799)	( 52,751,853)
Total capital assets	51,771,350	45,432,688	97,204,038
Total assets	61,567,324	67,742,227	129,309,551
<b>LIABILITIES</b>			
Accounts payable	1,285,481	673,424	1,958,905
Accrued liabilities	632,422	341,010	973,432
Unearned revenue	254,864	32,362	287,226
Due to other governments	-	45,016	45,016
Customer deposits	-	443,820	443,820
Accrued interest payable	65,810	243,910	309,720
Noncurrent liabilities:			
Due within one year	1,164,201	3,020,073	4,184,274
Due in more than one year	14,958,006	44,762,936	59,720,942
Total liabilities	18,360,784	49,562,551	67,923,335
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	40,704,695	15,973,129	56,677,824
Restricted for:			
Debt service	6,805	1,333,557	1,340,362
Unrestricted	2,495,040	872,990	3,368,030
Total net assets	\$ 43,206,540	\$ 18,179,676	\$ 61,386,216

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

**THIS PAGE LEFT BLANK INTENTIONALLY**

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 4,222,680	\$ 861,361	\$ 236,666	\$ 136,137	\$( 2,988,516)	\$ -	\$( 2,988,516)
Public safety	8,010,253	146,731	59,428	-	( 7,804,094)	-	( 7,804,094)
Public works	6,857,387	121,601	191,274	-	( 6,544,512)	-	( 6,544,512)
Community services	2,795,635	255,961	232,126	-	( 2,307,548)	-	( 2,307,548)
Interest on long-term debt	467,423	-	-	-	( 467,423)	-	( 467,423)
Total governmental activities	<u>22,353,378</u>	<u>1,385,654</u>	<u>719,494</u>	<u>136,137</u>	<u>( 20,112,093)</u>	<u>-</u>	<u>( 20,112,093)</u>
Business-type activities:							
Utility operations	11,574,461	11,911,140	-	-	-	336,679	336,679
Sanitation	2,670,527	3,189,739	-	-	-	519,212	519,212
Emergency medical services	3,717,276	4,337,662	-	-	-	620,386	620,386
Total business-type activities	<u>17,962,264</u>	<u>19,438,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,476,277</u>	<u>1,476,277</u>
Total primary government	<u>\$ 40,315,642</u>	<u>\$ 20,824,195</u>	<u>\$ 719,494</u>	<u>\$ 136,137</u>	<u>( 20,112,093)</u>	<u>1,476,277</u>	<u>( 18,635,816)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					5,548,759	-	5,548,759
Property taxes, levied for debt service					1,270,631	-	1,270,631
Sales taxes					5,306,960	-	5,306,960
Franchise taxes					2,292,672	-	2,292,672
Other taxes					676,789	-	676,789
Investment earnings					317,278	649,677	966,955
Miscellaneous					195,822	-	195,822
Transfers					1,470,122	( 1,470,122)	-
Total general revenues and transfers					<u>17,079,033</u>	<u>( 820,445)</u>	<u>16,258,588</u>
Change in net assets					( 3,033,060)	655,832	( 2,377,228)
Net assets - beginning					46,166,187	17,523,844	63,690,031
Prior period adjustment					73,413	-	73,413
Net assets - ending					<u>\$ 43,206,540</u>	<u>\$ 18,179,676</u>	<u>\$ 61,386,216</u>

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

**THIS PAGE LEFT BLANK INTENTIONALLY**

# CITY OF CORSICANA, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 104,564	\$ 6,000,919	\$ 6,105,483
Receivables, net of allowances for uncollectibles			
Taxes	1,675,149	171,744	1,846,893
Accounts	531,371	17,086	548,457
Due from other funds	1,289,404	162	1,289,566
Due from other governments	25,045	480,478	505,523
Inventories	42,585	30,454	73,039
Prepaid items	9,765	250	10,015
Total assets	\$ 3,677,883	\$ 6,701,093	\$ 10,378,976
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	416,649	868,832	1,285,481
Accrued liabilities	606,054	26,368	632,422
Due to other funds	-	927,693	927,693
Deferred revenue	705,770	66,960	772,730
Total liabilities	1,728,473	1,889,853	3,618,326
Fund balances:			
Reserved for:			
Inventories	42,585	30,454	73,039
Prepaid items	9,765	250	10,015
Debt service	-	5,655	5,655
Unreserved, undesignated reported in:			
General fund	1,897,060	-	1,897,060
Special revenue funds	-	339,671	339,671
Capital projects funds	-	4,435,210	4,435,210
Total fund balances	1,949,410	4,811,240	6,760,650
Total liabilities and fund balances	\$ 3,677,883	\$ 6,701,093	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	51,771,350
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	769,903
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	( 16,095,363)
Net assets of governmental activities	\$ 43,206,540

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

**CITY OF CORSICANA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 13,175,664	\$ 1,492,411	\$ 14,668,075
Occupancy taxes	-	417,964	417,964
Fines and forfeitures	432,185	104,403	536,588
Licenses and permits	136,589	-	136,589
Intergovernmental	26,616	622,893	649,509
Charges for services	208,621	370,801	579,422
Investment earnings	76,718	240,560	317,278
Miscellaneous	209,744	135,442	345,186
Contributions/donations	-	206,026	206,026
Total revenues	<u>14,266,137</u>	<u>3,590,500</u>	<u>17,856,637</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,407,688	1,161,857	3,569,545
Public safety	7,625,194	98,782	7,723,976
Public works	3,112,923	3,766,581	6,879,504
Community services	1,813,540	816,490	2,630,030
Debt service:			
Principal	22,868	974,631	997,499
Interest and other charges	158	515,458	515,616
Capital outlay	27,390	3,068,662	3,096,052
Total expenditures	<u>15,009,761</u>	<u>10,402,461</u>	<u>25,412,222</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 743,624)</u>	<u>( 6,811,961)</u>	<u>( 7,555,585)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	5,460,981	5,460,981
Transfers in	1,570,122	1,035,344	2,605,466
Transfers out	<u>( 804,608)</u>	<u>( 330,736)</u>	<u>( 1,135,344)</u>
Total other financing sources and uses	<u>765,514</u>	<u>6,165,589</u>	<u>6,931,103</u>
<b>NET CHANGE IN FUND BALANCES</b>	21,890	( 646,372)	( 624,482)
<b>FUND BALANCES, BEGINNING</b>	1,927,520	5,384,199	7,311,719
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>73,413</u>	<u>73,413</u>
<b>FUND BALANCES, RESTATED</b>	<u>1,927,520</u>	<u>5,457,612</u>	<u>7,385,132</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,949,410</u>	<u>\$ 4,811,240</u>	<u>\$ 6,760,650</u>

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

## CITY OF CORSICANA, TEXAS

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Net change in fund balances - total governmental funds:	\$( 624,482)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,001,656
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	( 6,441)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment on long-term debt and related items.	( 4,417,910)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>14,117</u>
Change in net assets of governmental activities	<u>\$( 3,033,060)</u>

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

**THIS PAGE LEFT BLANK INTENTIONALLY**

**CITY OF CORSICANA, TEXAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 5,378,062	\$ 5,490,144	\$ 5,461,635	\$( 28,509)
Interest and penalty on taxes	76,500	85,000	84,606	( 394)
Sales	5,150,000	5,216,314	5,306,960	90,646
Franchise	2,835,810	2,605,430	2,292,672	( 312,758)
Mixed beverage	30,000	30,000	29,791	( 209)
Total taxes	<u>13,470,372</u>	<u>13,426,888</u>	<u>13,175,664</u>	<u>( 251,224)</u>
Licenses and permits:				
Electrical	18,676	15,900	15,546	( 354)
Building	75,268	63,000	49,750	( 13,250)
Plumbing	16,761	12,900	10,522	( 2,378)
Mechanical	6,113	8,200	5,866	( 2,334)
Other	58,761	71,971	54,905	( 17,066)
Total licenses and permits	<u>175,579</u>	<u>171,971</u>	<u>136,589</u>	<u>( 35,382)</u>
Interest	<u>185,000</u>	<u>81,000</u>	<u>76,718</u>	<u>( 4,282)</u>
Total interest	<u>185,000</u>	<u>81,000</u>	<u>76,718</u>	<u>( 4,282)</u>
Fines and penalties:				
Court	407,600	390,000	408,635	18,635
Library	13,135	13,500	13,725	225
Other	4,080	10,000	9,825	( 175)
Total fines and penalties	<u>424,815</u>	<u>413,500</u>	<u>432,185</u>	<u>18,685</u>
Charges for services:				
Concession	7,000	7,000	6,731	( 269)
Building rental	93,400	92,850	88,303	( 4,547)
Rental	31,730	39,730	38,587	( 1,143)
Other	75,000	75,000	75,000	-
Total charges for services	<u>207,130</u>	<u>214,580</u>	<u>208,621</u>	<u>( 5,959)</u>
Intergovernmental - contributions/donations	<u>5,234</u>	<u>11,028</u>	<u>26,616</u>	<u>15,588</u>
Miscellaneous	<u>195,074</u>	<u>219,031</u>	<u>209,744</u>	<u>( 9,287)</u>
Total revenues	<u>14,663,204</u>	<u>14,537,998</u>	<u>14,266,137</u>	<u>( 271,861)</u>

**(continued)**

**CITY OF CORSICANA, TEXAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

(Continued)

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General government:				
Administration:				
Personnel services	\$ 1,311,702	\$ 1,322,636	\$ 1,318,313	\$ 4,323
Materials and supplies	106,696	91,023	102,035	( 11,012)
Services	860,187	906,798	757,328	149,470
Maintenance	88,188	128,050	91,386	36,664
Sundry	5,000	5,658	6,051	( 393)
Total administration	<u>2,371,773</u>	<u>2,454,165</u>	<u>2,275,113</u>	<u>179,052</u>
Judicial:				
Personnel services	74,940	73,461	73,363	98
Materials and supplies	20,475	12,900	11,460	1,440
Services	98,515	82,750	47,752	34,998
Total judicial	<u>193,930</u>	<u>169,111</u>	<u>132,575</u>	<u>36,536</u>
Total general government	<u>2,565,703</u>	<u>2,623,276</u>	<u>2,407,688</u>	<u>215,588</u>
Public safety:				
Personnel services	7,083,254	6,835,436	6,938,713	( 103,277)
Materials and supplies	337,053	357,322	349,229	8,093
Services	207,694	181,389	165,305	16,084
Maintenance	176,140	178,807	171,947	6,860
Total public safety	<u>7,804,141</u>	<u>7,552,954</u>	<u>7,625,194</u>	<u>( 72,240)</u>
Public works:				
Personnel services	1,494,780	1,528,466	1,559,224	( 30,758)
Materials and supplies	173,678	194,981	196,231	( 1,250)
Services	666,560	663,935	624,845	39,090
Maintenance	809,500	809,407	732,623	76,784
Total public works	<u>3,144,518</u>	<u>3,196,789</u>	<u>3,112,923</u>	<u>83,866</u>
Community and cultural:				
Personnel services	1,197,069	1,193,536	1,197,368	( 3,832)
Materials and supplies	201,245	195,902	198,456	( 2,554)
Services	187,323	184,899	197,455	( 12,556)
Maintenance	215,415	186,451	220,261	( 33,810)
Capital outlay	1,400	24,082	27,390	( 3,308)
Total community and cultural	<u>1,802,452</u>	<u>1,784,870</u>	<u>1,840,930</u>	<u>( 56,060)</u>

(continued)

**CITY OF CORSICANA, TEXAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
Debt service:				
Principal	\$ 22,868	\$ 22,868	\$ 22,868	\$ -
Interest and fiscal charges	158	158	158	-
Total debt service	<u>23,026</u>	<u>23,026</u>	<u>23,026</u>	<u>-</u>
Total expenditures	<u>15,339,840</u>	<u>15,180,915</u>	<u>15,009,761</u>	<u>171,154</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 676,636)</u>	<u>( 642,917)</u>	<u>( 743,624)</u>	<u>( 100,707)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,512,289	1,503,216	1,570,122	66,906
Transfers out	<u>( 477,000)</u>	<u>( 760,000)</u>	<u>( 804,608)</u>	<u>( 44,608)</u>
Total other financing sources (uses)	<u>1,035,289</u>	<u>743,216</u>	<u>765,514</u>	<u>22,298</u>
<b>NET CHANGE IN FUND BALANCE</b>	358,653	100,299	21,890	( 78,409)
<b>FUND BALANCE, BEGINNING</b>	<u>1,927,520</u>	<u>1,927,520</u>	<u>1,927,520</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,286,173</u>	<u>\$ 2,027,819</u>	<u>\$ 1,949,410</u>	<u>\$ ( 78,409)</u>

**The notes to the financial statements are an integral part of this statement.**

**THIS PAGE LEFT BLANK INTENTIONALLY**

# CITY OF CORSICANA, TEXAS

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

**SEPTEMBER 30, 2008**

	Enterprise Funds			
	Utility	Sanitation	Emergency	Total
	Operations		Medical Services	
<b>ASSETS</b>				
Current assets:				
Cash and investment:	\$ 54,091	\$ 563,829	\$ 370,397	\$ 988,317
Accounts receivable, net of allowances for uncollectible	1,884,056	125,167	951,681	2,960,904
Due from other funds:	2,138	3,238	-	5,376
Prepaid expenses	1,834	-	100	1,934
Total current assets	1,942,119	692,234	1,322,178	3,956,531
Non-current assets				
Restricted cash and investment	17,505,268	164,742	-	17,670,010
Deferred charges:	1,019,615	30,632	-	1,050,247
Capital assets:				
Land	3,467,800	218,558	-	3,686,358
Construction in progress:	2,148,967	-	-	2,148,967
Buildings	3,852,754	426,473	-	4,279,227
Waterworks and wastewater system	31,435,672	2,535,428	-	33,971,100
Machinery and equipment	20,401,624	2,933,341	772,870	24,107,835
Less accumulated depreciation	( 19,895,024)	( 2,246,230)	( 619,545)	( 22,760,799)
Total capital assets	41,411,793	3,867,570	153,325	45,432,688
Total non-current assets	59,936,676	4,062,944	153,325	64,152,945
Total assets	61,878,795	4,755,178	1,475,503	68,109,476
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	476,012	187,200	10,212	673,424
Accrued liabilities	228,521	41,321	71,168	341,010
Deferred revenue	-	-	32,362	32,362
Due to other funds:	367,249	-	-	367,249
Due to other government:	-	45,016	-	45,016
Accrued interest payable	238,692	5,218	-	243,910
Customer deposit:	443,820	-	-	443,820
Compensated absence:	61,531	3,346	253	65,130
Capital leases payable	139,981	74,646	77,011	291,638
Revenue bonds payable	2,345,000	318,305	-	2,663,305
Total current liabilities	4,300,806	675,052	191,006	5,166,864
Non-current liabilities				
Compensated absence:	246,126	13,383	1,012	260,521
Capital leases payable	178,286	296,098	13,036	487,420
Landfill closure liability	-	611,099	-	611,099
Revenue bonds payable	42,653,423	750,473	-	43,403,896
Total non-current liabilities	43,077,835	1,671,053	14,048	44,762,936
Total liabilities	47,378,641	2,346,105	205,054	49,929,800
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	13,451,171	2,458,680	63,278	15,973,129
Restricted for debt service	1,168,815	164,742	-	1,333,557
Unrestricted	( 119,832)	( 214,349)	1,207,171	872,990
Total net assets	\$ 14,500,154	\$ 2,409,073	\$ 1,270,449	\$ 18,179,676

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

**THIS PAGE LEFT BLANK INTENTIONALLY**

**CITY OF CORSICANA, TEXAS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Enterprise Funds			
	Utility Operations	Sanitation	Emergency Medical Services	Total
<b>OPERATING REVENUES</b>				
Water sales	\$ 7,851,263	\$ -	\$ -	\$ 7,851,263
Sewer charges	3,663,189	-	-	3,663,189
Tap fees	36,147	-	-	36,147
Other charges	360,541	49,729	59,396	469,666
Garbage collection fees	-	979,984	-	979,984
Landfill	-	2,160,026	-	2,160,026
Emergency medical services	-	-	4,278,266	4,278,266
Total operating revenues	<u>11,911,140</u>	<u>3,189,739</u>	<u>4,337,662</u>	<u>19,438,541</u>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	7,061,578	2,275,930	3,653,333	12,990,841
Administration	744,753	48,746	-	793,499
Depreciation	1,330,282	275,346	63,943	1,669,571
Total operating expenses	<u>9,136,613</u>	<u>2,600,022</u>	<u>3,717,276</u>	<u>15,453,911</u>
<b>OPERATING INCOME</b>	<u>2,774,527</u>	<u>589,717</u>	<u>620,386</u>	<u>3,984,630</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenues	636,186	9,903	3,588	649,677
Interest expense	( 2,437,848)	( 70,505)	-	( 2,508,353)
Total non-operating revenues (expenses)	<u>( 1,801,662)</u>	<u>( 60,602)</u>	<u>3,588</u>	<u>( 1,858,676)</u>
<b>INCOME BEFORE TRANSFERS</b>	972,865	529,115	623,974	2,125,954
<b>TRANSFERS IN</b>	-	-	100,000	100,000
<b>TRANSFERS OUT</b>	<u>( 1,248,026)</u>	<u>( 322,096)</u>	<u>-</u>	<u>( 1,570,122)</u>
<b>CHANGE IN NET ASSETS</b>	( 275,161)	207,019	723,974	655,832
<b>TOTAL NET ASSETS, BEGINNING</b>	<u>14,775,315</u>	<u>2,202,054</u>	<u>546,475</u>	<u>17,523,844</u>
<b>TOTAL NET ASSETS, ENDING</b>	<u>\$ 14,500,154</u>	<u>\$ 2,409,073</u>	<u>\$ 1,270,449</u>	<u>\$ 18,179,676</u>

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

**CITY OF CORSICANA, TEXAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Enterprise Funds			
	Utility Operations	Sanitation	Emergency Medical Services	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 11,794,987	\$ 3,198,623	\$ 4,045,758	\$ 19,039,368
Cash paid to suppliers for goods and services	( 3,674,422)	( 1,576,096)	( 2,439,521)	( 7,690,039)
Cash paid to employees for services	( 3,558,136)	( 799,898)	( 1,193,161)	( 5,551,195)
Net cash provided by operating activities	<u>4,562,429</u>	<u>822,629</u>	<u>413,076</u>	<u>5,798,134</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash paid to other funds	( 38,394)	-	-	( 38,394)
Transfers in	-	-	100,000	100,000
Transfers out	( 1,248,026)	( 322,096)	-	( 1,570,122)
Net cash provided (used) for noncapital financing activities	<u>( 1,286,420)</u>	<u>( 322,096)</u>	<u>100,000</u>	<u>( 1,508,516)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	( 2,005,778)	( 93,712)	( 78,516)	( 2,178,006)
Principal paid on debt	( 1,926,258)	( 367,808)	( 74,574)	( 2,368,640)
Interest paid on debt	( 2,417,781)	( 71,161)	-	( 2,488,942)
Net cash used for capital and related financing activities	<u>( 6,118,343)</u>	<u>( 389,324)</u>	<u>( 153,090)</u>	<u>( 6,660,757)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Earnings on investments	<u>636,186</u>	<u>9,903</u>	<u>3,588</u>	<u>649,677</u>
Net cash provided by investing activities	<u>636,186</u>	<u>9,903</u>	<u>3,588</u>	<u>649,677</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 2,206,148)	121,112	363,574	( 1,721,462)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>19,765,507</u>	<u>607,459</u>	<u>6,823</u>	<u>20,379,789</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 17,559,359</u>	<u>\$ 728,571</u>	<u>\$ 370,397</u>	<u>\$ 18,658,327</u>

(continued)

**CITY OF CORSICANA, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Enterprise Funds			Totals
	Utility Operations	Sanitation	Emergency Medical Services	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 2,774,527	\$ 589,717	\$ 620,386	\$ 3,984,630
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,330,282	275,346	63,943	1,669,571
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	( 143,378)	8,884	( 291,904)	( 426,398)
Due from other funds	403,505	( 3,238)	-	400,267
Prepaid	( 1,834)	-	( 100)	( 1,934)
Deferred charges	90,785	10,221	-	101,006
Increase (decrease) in liabilities:				
Accounts payable	158,024	( 90,022)	10,212	78,214
Accrued liabilities	38,658	2,943	12,226	53,827
Deferred revenue	-	-	( 2,308)	( 2,308)
Due to other funds	-	-	-	-
Due to other governments	-	5,277	-	5,277
Compensated absences payable	867	( 1,356)	621	132
Customer deposits	27,225	-	-	27,225
Other liabilities	( 116,232)	24,857	-	( 91,375)
Net cash provided by operations	<u>\$ 4,562,429</u>	<u>\$ 822,629</u>	<u>\$ 413,076</u>	<u>\$ 5,798,134</u>

**The notes to the financial statements are an integral part of this statement.**

# CITY OF CORSICANA, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Corsicana, Texas (the City) was incorporated July 11, 1848, while the City's Home Rule Charter was adopted in 1917 and last updated by election in 2007. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, general and administrative, water and wastewater services.

The City's accounting and reporting policies relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles (GAAP) applicable to state and local governments, which include those principles prescribed by the Governmental Accounting Standards Board (GASB). The following represent the significant accounting and reporting policies and practices used by the City.

#### A. Reporting Entity

The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability exists if a primary government appoints a voting majority of an organization's governing Board and is able either to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing Board, a governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the primary government.

In accordance with Governmental Accounting Standards Board requirements, the City has reviewed other entities and activities for possible inclusion in the reporting entity and has determined that there are none.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **B. Government-wide Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary 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 government 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 and claims and judgments, are recorded only when payment is due.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

Property taxes, franchise taxes, sales taxes, 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 fund:

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

The City reports the following major proprietary funds:

The **Utility Operating Fund** – is used to account for water and wastewater operations that are intended to be self-supporting through user charges.

The **Sanitation Fund** – is used to account for sanitation operations that are intended to be self-supporting through user charges.

The **EMS Operating Fund** – is used to account for emergency medical service operations that are intended to be self-supporting through user charges.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

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 Utility Operating Fund, Sanitation Fund, and EMS Operating Fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

**D. Assets, Liabilities, and Net Assets or Equity**

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers as cash equivalents, cash, certificates of deposit, investment securities with a maturity of three months or less at date of purchase, and money market accounts.

Statutes authorize the City to invest in obligations of U. S. Treasury or its agencies and instrumentalities, obligations of the state or its agencies, other investments guaranteed by the U. S. Treasury or the state of Texas, or investments rated by a national rating company at "A" or better. The City is also authorized to invest in fully collateralized repurchase agreements, local government investment pools, and in certificates of deposit issued by banks domiciled in Texas that are FDIC insured or have securities (of aforementioned quality) pledged to secure these deposits.

2. Investments

In accordance with GASB Statement No. 31, the City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

(continued)

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## D. Assets, Liabilities, and Net Assets or Equity (Continued)

### 3. 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 either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is based on historical collection rate percentages.

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Navarro County Central Appraisal District (“CAD”) establishes appraised values. Taxes are levied by the City Council based on the appraised values received from the CAD. The Navarro County Tax Assessor performs billing and collection of tax levies/Collector’s office.

The maximum tax rate permitted by the State of Texas is \$2.50 per \$100 of assessed valuation, and the City Charter provides no limitation within the \$2.50. The tax rate for the October 1, 2007, levy was \$.6272 (\$.5138 for general government and \$.1134 for debt service) per \$100 of assessed valuation.

During the year ended September 30, 2008, 97.69% of the current tax levy (October 1, 2007) was collected. At September 30, 2008, the delinquent property taxes receivable totaled \$349,747 in the General Fund and \$84,930 in the Debt Service Fund. The City recognizes penalties and interest due on delinquent taxes receivable as a component of delinquent taxes receivable. The additional receivable is treated as deferred revenue until available.

The Texas Property Tax Code requires all property to be assessed on the basis of 100% of appraised value. The value of property must be reviewed at least every five years.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Liabilities, and Net Assets or Equity** (Continued)

3. **Receivables and Payables** (Continued)

Under the Property Tax Code, if the effective tax rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements and revaluations, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

4. **Capital Assets**

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Equipment	3 - 10
Improvements	10 - 40
Infrastructure	20 - 50

5. **Compensated Absences**

Accumulated unpaid compensated absences for vacation and sick leave are accrued when incurred. For business-type activities, the accruals are reported as liabilities and expenses for the year incurred. For governmental activities, the liability is not recorded in the fund financial statements, but only in the government-wide financial statements since payment of this liability will not be made with expendable available resources.

(continued)

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## D. Assets, Liabilities, and Net Assets or Equity (Continued)

### 6. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. As of September 30, 2008, bond premiums or discounts are immaterial to the basic financial statements. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

### 7. Fund Equity

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

### 8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### 9. 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 amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$16,095,363 difference are as follows:

General and certifications of obligation	\$ 13,485,456
Note payable	691,972
Line of credit	893,081
Accrued interest payable	65,810
Compensated absences	527,688
Capital lease obligations	761,398
Bond issuance costs	( 344,691)
Premium from issuance of long-term debt	<u>14,649</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ <u>16,095,363</u>

### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,001,656 difference are as follows:

Capital outlay	\$ 3,245,219
Depreciation expense	( <u>1,243,563</u> )
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>2,001,656</u>

(continued)

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(Continued)

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities** (Continued)

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$(4,417,910) difference are as follows:

Note payable	\$( 703,700)
Bonds issued	( 3,400,000)
Bond issuance cost	45,572
Line of credit	( 852,530)
Capital lease obligations incurred	( 504,751)
Principal repayments	<u>997,499</u>

Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$( 4,417,910)</u></u>
--	------------------------------

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$14,117 difference are as follows:

Compensated absences	\$ 11,496
Amortization of bond costs	16,803
Accrued interest	<u>( 14,182)</u>

Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 14,117</u></u>
--	-------------------------

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(6,441) difference are as follows:

Capias warrants	\$( 16,213)
Property taxes	<u>9,772</u>

Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$( 6,441)</u></u>
--	--------------------------

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds except the Capital Projects Fund, which adopts a project length budget. The City adopts a non-appropriation budget for the Proprietary Fund Types on a working capital basis. The original budget is adopted by the City Council prior to the beginning of the fiscal year. The legal level of control is the total approved budget for each fund. The City Manager and Finance Director may make intra-departmental and inter-departmental fund transfers within a fund during the fiscal year as becomes necessary in order to avoid the over expenditure of a particular object code or department. Appropriations lapse at the end of the year.

The City of Corsicana has complied with all budget requirements for the year ended September 30, 2008. Several supplemental budget appropriations were made for the year ended September 30, 2008.

#### B. Deficit Fund Balance

The Tax Increment Financing District Special Revenue Fund had a deficit fund balance of \$993,890 as of September 30, 2008. The deficit fund balance in the Tax Increment Financing District will be covered with the collection of the special assessment within the District.

### 4. DETAILED NOTES ON ALL FUNDS

#### Deposits and Investments

Substantially all cash, cash equivalents and investments are maintained in consolidated cash and investment accounts. Interest income relating to consolidated cash, cash equivalents and investments is allocated to the individual funds monthly based on each fund's prorate share of total consolidated cash, cash equivalents and investments.

The City Council has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act. The investments of the City are in compliance with the Council's investment policies. Section 105.034 of the Local Government Code of Texas Codes Annotated authorizes the City to invest in:

- a. Obligations of the United States or its agencies or instrumentalities;
- b. Direct obligations of the State of Texas or its agencies;

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Deposits and Investments** (Continued)

- c. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; and
- d. Obligations of state, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.

As of September 30, 2008, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexStar	\$ <u>24,219,097</u>	35

The City’s investment pool is a 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolio to a maximum of 180 days.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2008, \$213,914 of the City’s \$316,150 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$102,236 was covered by FDIC insurance.

*Credit Risk.* It is the City’s policy to limit its investments to investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City’s investment pool was rated AAAM by Standard & Poor’s Investors Service.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Deposits and Investments (Continued)**

**Restricted Cash and Investment**

As of September 30, 2008, the City held restricted cash and investment of \$17,670,010 for the following purposes:

Enterprise Funds:	
Construction	\$ 15,478,479
Debt service	196,493
Bond reserves	1,950,571
Held by Trinity River Authority	<u>44,467</u>
 Total Enterprise Fund	 <u>17,670,010</u>
 Total Restricted Cash and Investment	 <u>\$ 17,670,010</u>

**Receivables**

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Utility Operations</u>	<u>Sanitation</u>	<u>Emergency Medical Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 349,747	\$ -	\$ -	\$ -	\$ 84,930	\$ 434,677
Franchise fees, sales and use tax	1,377,864	-	-	-	99,553	1,477,417
Accounts	92,901	2,032,062	154,894	1,451,723	17,086	3,748,666
Court fines	<u>438,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>438,470</u>
 Gross receivables	 2,258,982	 2,032,062	 154,894	 1,451,723	 201,569	 6,099,230
Less: allowance for uncollectibles	<u>52,462</u>	<u>148,006</u>	<u>29,727</u>	<u>500,042</u>	<u>12,739</u>	<u>742,976</u>
 Net total receivables	 <u>\$ 2,206,520</u>	 <u>\$ 1,884,056</u>	 <u>\$ 125,167</u>	 <u>\$ 951,681</u>	 <u>\$ 188,830</u>	 <u>\$ 5,356,254</u>

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Receivables (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Delinquent property taxes receivable	\$ 264,473	\$ -
Miscellaneous	-	2,827
Court fines	<u>438,470</u>	<u>-</u>
Total General Fund	<u>702,943</u>	<u>2,827</u>
Other Governmental Funds		
Delinquent property taxes receivable	<u>66,960</u>	<u>-</u>
Total Other Governmental Funds	<u>66,960</u>	<u>-</u>
Total Governmental Funds	<u>\$ 769,903</u>	<u>\$ 2,827</u>

##### Capital Assets

Capital asset activity for the year ended September 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 15,016,660	\$ 1,039,880	\$ -	\$ 16,056,540
Construction in progress	<u>323,346</u>	<u>1,405,925</u>	<u>( 323,346)</u>	<u>1,405,925</u>
Total assets not being depreciated	<u>15,340,006</u>	<u>2,445,805</u>	<u>( 323,346)</u>	<u>17,462,465</u>
Capital assets, being depreciated:				
Buildings and improvements	16,351,400	615,971	-	16,967,371
Machinery and equipment	5,895,853	351,977	( 20,017)	6,227,813
Infrastructure	<u>41,022,059</u>	<u>82,696</u>	<u>-</u>	<u>41,104,755</u>
Total capital assets being depreciated	<u>63,269,312</u>	<u>1,050,644</u>	<u>( 20,017)</u>	<u>64,299,939</u>
Less accumulated depreciation:				
Buildings and improvements	12,986,571	418,294	( 4,622)	13,400,243
Machinery and equipment	3,887,078	432,578	( 76,893)	4,242,763
Infrastructure	<u>11,965,975</u>	<u>392,691</u>	<u>( 10,618)</u>	<u>12,348,048</u>
Total accumulated depreciation	<u>28,839,624</u>	<u>1,243,563</u>	<u>( 92,133)</u>	<u>29,991,054</u>
Total capital assets being depreciated, net	<u>34,429,688</u>	<u>( 192,919)</u>	<u>72,116</u>	<u>34,308,885</u>
Governmental activities capital assets, net	<u>\$ 49,769,694</u>	<u>\$ 2,252,886</u>	<u>\$ ( 251,230)</u>	<u>\$ 51,771,350</u>

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,686,358	\$ -	\$ -	\$ 3,686,358
Construction in progress	<u>709,686</u>	<u>1,439,281</u>	<u>-</u>	<u>2,148,967</u>
Total assets not being depreciated	<u>4,396,044</u>	<u>1,439,281</u>	<u>-</u>	<u>5,835,325</u>
Capital assets, being depreciated:				
Buildings	4,279,227	-	-	4,279,227
Waterworks and wastewater system	33,682,894	298,206	( 10,000)	33,971,100
Machinery and equipment	<u>23,717,073</u>	<u>445,162</u>	<u>( 54,400)</u>	<u>24,107,835</u>
Total capital assets being depreciated	<u>61,679,194</u>	<u>743,368</u>	<u>( 64,400)</u>	<u>62,358,162</u>
Less accumulated depreciation:				
Buildings	2,693,242	63,537	-	2,756,779
Waterworks and wastewater system	9,986,673	544,846	( 10,000)	10,521,519
Machinery and equipment	<u>8,471,071</u>	<u>1,061,188</u>	<u>( 49,758)</u>	<u>9,482,501</u>
Total accumulated depreciation	<u>21,150,986</u>	<u>1,669,571</u>	<u>( 59,758)</u>	<u>22,760,799</u>
Total capital assets being depreciated, net	<u>40,528,208</u>	<u>( 926,203)</u>	<u>( 4,642)</u>	<u>39,597,363</u>
Business-type activities capital assets, net	<u>\$ 44,924,252</u>	<u>\$ 513,078</u>	<u>\$ ( 4,642)</u>	<u>\$ 45,432,688</u>

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

Governmental activities:	
General government	\$ 664,631
Public safety	286,277
Public works	127,050
Community and cultural	<u>165,605</u>
Total depreciation expense - governmental activities	<u>\$ 1,243,563</u>
Business-type activities:	
Water and wastewater	\$ 1,330,282
Sanitation	275,346
Emergency medical services	<u>63,943</u>
Total depreciation expense - business-type activities	<u>\$ 1,669,571</u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Interfund Receivables, Payables and Transfers**

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

**Due to/from other funds:**

	Due from	
	<u>Nonmajor Governmental</u>	<u>Utility Operations</u>
Due to:		
General	\$ 922,191	\$ 367,213
Nonmajor governmental	162	-
Utility operations	2,138	-
Sanitation	<u>3,202</u>	<u>36</u>
 Total due to/from	 <u>\$ 927,693</u>	 <u>\$ 367,249</u>

This balance resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

**Interfund transfers:**

The following schedule briefly summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Utility operations	\$ 1,248,026	Subsidy for administrative expenditures (\$830,000) Payment in lieu of franchise taxes (\$418,026)
General	Sanitation	322,096	Subsidy for administrative expenditures (\$218,000) Payment in lieu of franchise taxes (\$104,096)
Nonmajor governmental	General	704,608	Subsidy for other programs in the City (\$44,608 - GIS project, \$163,000 - cemetery, \$472,000 - economic development \$25,000 - summer recreation)
Nonmajor governmental	Nonmajor governmental	330,736	Subsidy for economic development
Emergency medical services	General	100,000	Supplement for EMS Costs

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Long-term Liabilities

Long-term liability activity for the year ended September 30, 2008, was as follows:

	Balance October 1, 2007	Additions	Retirements	Balance September 30, 2008	Amounts Due Within One Year
<b><u>Governmental activities</u></b>					
General obligation bonds	\$ 3,968,922	\$ 3,400,000	\$ 296,051	\$ 7,072,871	\$ 312,700
Certificates of obligation	6,618,025	-	205,440	6,412,585	293,995
Premium on issuance of bonds	18,345	-	3,696	14,649	2,566
Capital leases payable	640,927	504,751	384,280	761,398	335,907
Note payable	-	703,700	11,728	691,972	35,185
Discount on note payable	-	( 259,414)	( 7,377)	( 252,037)	( 21,690)
Line of credit	140,551	852,530	100,000	893,081	100,000
Compensated absences	539,184	381,069	392,565	527,688	105,538
Total governmental activities	<u>\$ 11,925,954</u>	<u>\$ 5,582,636</u>	<u>\$ 1,386,383</u>	<u>\$ 16,122,207</u>	<u>\$ 1,164,201</u>
<b><u>Business-type activities</u></b>					
Revenue bonds	\$ 25,370,000	\$ -	\$ 1,345,000	\$ 24,025,000	\$ 1,395,000
Certificates of obligation	23,108,053	-	793,509	22,314,544	1,268,305
Discount on issuance of bonds	( 167,048)	-	( 12,504)	( 154,544)	-
Deferred loss on refunding bonds	( 126,018)	-	( 8,219)	( 117,799)	-
Capital leases payable	635,670	465,004	321,616	779,058	291,638
Landfill closure	584,971	26,128	-	611,099	-
Compensated absences	325,519	161,125	160,993	325,651	65,130
Total business-type activities	<u>\$ 49,731,147</u>	<u>\$ 652,257</u>	<u>\$ 2,600,395</u>	<u>\$ 47,783,009</u>	<u>\$ 3,020,073</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

##### **Capital Leases**

The City has acquired certain capital assets for governmental and business-type activities through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The carrying value of assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Capital assets	\$ 476,854	\$ 817,397
Less: accumulated depreciation	( 120,976)	( 378,876)
Capital assets, net	<u>\$ 355,878</u>	<u>\$ 438,521</u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Long-term Liabilities** (Continued)

**Capital Leases** (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, were as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2009	\$ 348,163	\$ 324,425
2010	230,532	184,840
2011	64,041	106,705
2012	50,725	102,027
2013	40,588	39,609
2014-2016	<u>89,289</u>	<u>76,315</u>
Total minimum lease payments	823,338	833,921
Less: amount representing interest	<u>( 61,940)</u>	<u>( 54,863)</u>
Present value of minimum lease payments	<u>\$ 761,398</u>	<u>\$ 779,058</u>

**Bonds Payable**

Governmental activities bonds payable at September 30, 2008, consisted of the following:

Series	Original Issue	Interest Rate	Debt Outstanding
<b>General Obligation Bonds:</b>			
Series 2002 General Obligation Refunding Bonds	\$ 481,377	3.0% to 3.75%	\$ 117,871
Series 2004 General Obligation Refunding Bonds	1,890,000	2.0% to 3.3%	930,000
Series 2006 General Obligation Refunding Bonds	2,625,000	3.5% to 4.0%	2,625,000
Series 2008 General Obligation Refunding Bonds	3,400,000	3.79%	<u>3,400,000</u>
Total General Obligation Bonds			<u>7,072,871</u>
<b>Certificates of Obligation:</b>			
Series 2001 Combination Tax and Revenue Certificates of Obligation	2,000,000	3.5% to 4.0%	80,000
Series 2002 Combination Tax and Revenue Certificates of Obligation	2,105,000	4.25% to 5.125%	1,305,000
Series 2005 Combination Tax and Revenue Certificates of Obligation	1,319,017	3.25% to 4.5%	1,132,585
Series 2006 Combination Tax and Revenue Certificates of Obligation	4,110,000	3.5% to 4.25%	<u>3,895,000</u>
Total Certificates of Obligation			<u>6,412,585</u>
			<u>\$ 13,485,456</u>

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Liabilities** (Continued)

**Bonds Payable** (Continued)

Business-type activities bonds payable at September 30, 2008, consisted of the following:

<u>Series</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Debt Outstanding</u>
Series 1997-C Waterworks and Sewer System Revenue Refunding Bonds	\$ 10,075,000	3.0% to 4.75%	\$ 2,850,000
Series 1999 Waterworks and Sewer System Revenue Refunding Bonds	10,865,000	3.0% to 4.6%	7,485,000
Series 1999-A Waterworks and Sewer System Revenue Refunding Bonds	6,700,000	5.1% to 7.0%	205,000
Series 2005 Waterworks and Sewer System Revenue Refunding Bonds	6,760,000	3.25% to 4.5%	6,520,000
Series 2002 Refunding General Obligation Bonds	2,438,623	3.0% to 3.75%	597,129
Series 2002-A Certificates of Obligation	5,855,000	3.0% to 3.75%	4,380,000
Series 2005 Certificates of Obligation	535,982	3.25% to 4.5%	472,415
Series 2007 Waterworks and Sewer System Revenue Refunding Bonds	7,000,000	3.25% to 4.5%	6,965,000
Series 2007 Certificates of Obligation	17,000,000	4.00 to 5.75%	<u>16,865,000</u>
			<u>\$ 46,339,544</u>

The annual debt service requirements to be paid on governmental activities bonds outstanding at September 30, 2008, are as follows:

<u>September 30,</u>	<u>General Obligation Bonds and Certificates of Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 606,695	\$ 579,549	\$ 1,186,244
2010	691,391	507,434	1,198,825
2011	547,438	482,656	1,030,094
2012	565,993	462,001	1,027,994
2013	593,104	439,794	1,032,898
2014-2018	3,395,982	1,802,463	5,198,445
2019-2023	3,641,535	1,087,137	4,728,672
2024-2028	<u>3,443,318</u>	<u>312,820</u>	<u>3,756,138</u>
	<u>\$ 13,485,456</u>	<u>\$ 5,673,854</u>	<u>\$ 19,159,310</u>

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Liabilities** (Continued)

**Bonds Payable** (Continued)

The annual debt service requirements to be paid on business-type activities bonds outstanding at September 30, 2008, are as follows:

<u>September 30,</u>	<u>Revenue Bonds and Certificates of Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,663,305	\$ 1,920,394	\$ 4,583,699
2010	2,778,609	1,810,661	4,589,270
2011	2,592,562	1,707,459	4,300,021
2012	2,689,007	1,603,563	4,292,570
2013	2,796,896	1,492,694	4,289,590
2014-2018	15,379,018	5,548,897	20,927,915
2019-2023	11,653,465	2,512,251	14,165,716
2024-2028	<u>5,786,682</u>	<u>500,116</u>	<u>6,286,798</u>
	<u>\$ 46,339,544</u>	<u>\$ 17,096,035</u>	<u>\$ 63,435,579</u>

**Advance Refunding**

**Prior Year Defeasance of Bonds**

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2008, \$6,855,000 of bonds considered defeased is still outstanding.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Note Payable**

In fiscal year 2008, the City entered into an agreement with the Texas Department of Agriculture to finance the purchase of land and an existing building to help create jobs in an economic development area. The note is a noninterest bearing agreement with an effective interest rate of 5%. The loan is payable in monthly installments in the amount of \$2,932 through fiscal year 2028. As of September 30, 2008, the face value of the loan is \$439,935. Annual required installments are as follows:

<u>September 30,</u>		
2009	\$	35,185
2010		35,185
2011		35,185
2012		35,185
2013		35,185
2014-2018		175,925
2019-2024		211,110
2025-2028		<u>129,012</u>
		691,972
Less: discount	(	<u>252,037)</u>
Note payable	\$	<u><u>439,935</u></u>

**Line of Credit**

The City has a line of credit from a local bank with a total authorized balance of \$1,158,000, of which \$893,081 was outstanding as of September 30, 2008. The line of credit matures May 19, 2018 with an interest rate of 5%. Annual principal and interest requirements are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 100,000	\$ 34,225	\$ 134,225
2010	100,000	39,654	139,654
2011	100,000	34,654	134,654
2012	100,000	29,654	129,654
2013	100,000	24,654	124,654
2014-2018	<u>393,081</u>	<u>48,616</u>	<u>441,697</u>
	<u>\$ 893,081</u>	<u>\$ 211,457</u>	<u>\$ 1,104,538</u>

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Employee Retirement Systems

##### **Texas Municipal Retirement System (TMRS)**

###### *Plan Description*

The City provides pension benefits for all of its fulltime employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system. All assumptions for the December 31, 2007, valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P. O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Employee Retirement Systems (Continued)

###### *Contributions*

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfounded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2006, valuation is effective for rates beginning January 2008).

##### Assumptions and Schedule of Actuarial Liabilities and Funding Progress

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization	30 Years - Closed Period
Asset Valuation Method	Amortized cost
Investment Rate of Return	7.0%
Projected Salary Increases	Varies by age and service
Includes Inflation at	3.0%
Cost of Living Adjustments	2.1% (3.0% CPI)
Payroll growth assumption	3.0%
Withdrawal rates for Male/Female	Mid-High/Mid-Low

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Employee Retirement Systems** (Continued)

*Contributions* (Continued)

Actual valuation date	12/31/07	12/31/06	12/31/05
Actuarial value of assets	\$ 16,260,406	\$ 15,594,113	\$ 15,151,700
Actuarial accrued liability	28,146,270	22,669,242	19,447,257
Percentage funded	57.8%	68.8%	77.9%
Unfunded (over-funded) actuarial accrued liability (UAAL)	11,885,864	7,075,129	4,295,557
Annual covered payroll	8,462,104	7,759,579	7,202,820
UAAL as a percentage of covered payroll	140.5%	91.2%	59.6%
Net pension obligation (NPO) at the beginning of period	-	-	-
Annual Pension Cost:			
Annual required contribution (ARC)	1,039,203	738,424	764,546
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
	<u>1,039,203</u>	<u>738,424</u>	<u>764,546</u>
Contributions made (100%)	1,039,203	738,424	764,546
Increase in NPO	<u>-</u>	<u>-</u>	<u>-</u>
NPO at the end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year “open” to a 25-year “closed” period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### **Employee Retirement Systems** (Continued)

###### *Contributions* (Continued)

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City's unfunded actuarial accrued liability would have been \$7,498,342 and the funded ratio would have been 68.4%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in City contribution rates, following the December 31, 2009 actuarial valuation.

##### **Closure and Postclosure Care Cost**

State and federal laws and regulations require the City to place a final cover on its Corsicana Municipal Solid Waste Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$611,099 reported to date based on the use of 21.04 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2,227,689 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The City expects to close the landfill in the year 2029. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The City is in compliance with these requirements, and, at September 30, 2008, investments of \$163,641 fair value are held for these purposes. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### **Contingent Liabilities**

The City is involved in various litigation in the normal course of operations. While the results of any litigation contains an element of uncertainty, the City's management believes that the amount of any liability and costs which might result, would not have a material adverse affect on the financial statements.

The City participates in a number of federal award programs. Although the City's programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through September 30, 2008, these programs are still subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

##### **Subsequent Event**

On January 6, 2009, the City approved the financing agreement with the Texas Water Development Board for the issuance of the Texas Combination Tax and Revenue Certificates of Obligation, Series 2009, in the principal amount of \$1,935,000.

##### **Buy-back Agreement**

The City entered into an agreement with Fraser Mining & Industrial Supply on September 28, 2006, in which the Company guaranteed buy-back of all reusable pipe purchased for the City's temporary water line at 35% of the original purchase price, shown below:

16" IPS SDR 11 PE3408 Pipe	\$30.50/LF
16" IPS SDR 17 PE3408 Pipe	\$20.62/LF

Thus the buy-back prices will be as follows:

16" IPS SDR 11 PE3408 Pipe	\$10.68/LF
16" IPS SDR 17 PE3408 Pipe	\$ 7.22/LF

The City expects to remove the temporary water line and sell back all reusable pipe during fiscal year 2009.

##### **Prior Period Adjustment**

In the current year, the City determined due from other governments was understated in the prior year. As a result, the City restated beginning fund balance in the amount of \$73,413.

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

*Special Revenue Funds* are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Debt Service Funds* are used to account for the accumulation of resources and payment of debt for governmental funds.

*Capital Projects Funds* are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**CITY OF CORSICANA, TEXAS**  
**BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

	Special Revenue				
	Hotel Occupancy Tax	Airport	Cemetery	Forfeitures	Parks/ Recreation Special Revenue
<b>ASSETS</b>					
Cash and investments	\$ 46,138	\$ 90,804	\$ 168,354	\$ 10,504	\$ 59,735
Receivables, net of allowances					
Taxes	99,553	-	-	-	-
Accounts	173	1,913	-	-	-
Due from other funds	-	-	162	-	-
Due from other governments	-	-	-	-	-
Inventories	-	30,454	-	-	-
Prepaid items	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 146,114</u>	<u>\$ 123,171</u>	<u>\$ 168,516</u>	<u>\$ 10,504</u>	<u>\$ 59,735</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 69,221	\$ 60,477	\$ 34,383	\$ -	\$ 1,190
Accrued liabilities	10,604	-	9,350	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>79,825</u>	<u>60,477</u>	<u>43,733</u>	<u>-</u>	<u>1,190</u>
Fund balances:					
Reserved for:					
Inventories	-	30,454	-	-	-
Prepaid items	250	-	-	-	-
Debt service	-	-	-	-	-
Unreserved, reported in:					
Special revenue	66,039	32,240	124,783	10,504	58,545
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>66,289</u>	<u>62,694</u>	<u>124,783</u>	<u>10,504</u>	<u>58,545</u>
Total liabilities and fund balances	<u>\$ 146,114</u>	<u>\$ 123,171</u>	<u>\$ 168,516</u>	<u>\$ 10,504</u>	<u>\$ 59,735</u>

Special Revenue

Parks/ Recreation Events	Library Grants and Contributions	City/County Economic Development	Police Special Revenue	Summer Recreation Programs	Community Support Special Revenue	Fire Special Revenue
\$ 3,889	\$ 8,080	\$ 362,362	\$ 44,019	\$ 5,766	\$ 4,974	\$ 6,984
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,889</u>	<u>8,080</u>	<u>362,362</u>	<u>44,019</u>	<u>5,766</u>	<u>4,974</u>	<u>6,984</u>
\$ 558	\$ 105	\$ 70,884	\$ 382	\$ 5,595	\$ 100	\$ -
-	-	6,325	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>558</u>	<u>105</u>	<u>77,209</u>	<u>382</u>	<u>5,595</u>	<u>100</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,331	7,975	285,153	43,637	171	4,874	6,984
-	-	-	-	-	-	-
<u>3,331</u>	<u>7,975</u>	<u>285,153</u>	<u>43,637</u>	<u>171</u>	<u>4,874</u>	<u>6,984</u>
<u>\$ 3,889</u>	<u>\$ 8,080</u>	<u>\$ 362,362</u>	<u>\$ 44,019</u>	<u>\$ 5,766</u>	<u>\$ 4,974</u>	<u>\$ 6,984</u>

(continued)

**CITY OF CORSICANA, TEXAS**

**BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**SEPTEMBER 30, 2008**

	Special Revenue				
	Palace Theater	Police LEOSE	Homeland Security Grant	CHDO Home Buyer Program	Activity Tourism Center
<b>ASSETS</b>					
Cash and investments	\$ 3,437	\$ 3,529	\$ -	\$ 6,883	\$ 62,200
Receivables, net of allowances					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	24,365	-
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 3,437</u>	<u>\$ 3,529</u>	<u>\$ -</u>	<u>\$ 31,248</u>	<u>\$ 62,200</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 2,573	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>2,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for:					
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
Debt service	-	-	-	-	-
Unreserved, reported in:					
Special revenue	864	3,529	-	31,248	62,200
Capital projects	-	-	-	-	-
Total fund balances	<u>864</u>	<u>3,529</u>	<u>-</u>	<u>31,248</u>	<u>62,200</u>
Total liabilities and fund balances	<u>\$ 3,437</u>	<u>\$ 3,529</u>	<u>\$ -</u>	<u>\$ 31,248</u>	<u>\$ 62,200</u>

Special Revenue

Tax Increment Financing District	Court Technology	Court Building Security	Corsicana Crossing	Court Fine - Street Improvements	2006 TCDP Program	Texas Capital Grant
\$ -	\$ 35,544	\$ 76,569	\$ 90,239	\$ 149,263	\$ -	\$ 141,883
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	203,604	252,509
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 35,544</u>	<u>\$ 76,569</u>	<u>\$ 90,239</u>	<u>\$ 149,263</u>	<u>\$ 203,604</u>	<u>\$ 394,392</u>
\$ 172,315	\$ -	\$ -	\$ -	\$ -	\$ 132,022	\$ 235,352
-	-	89	-	-	-	-
821,575	-	-	-	-	71,582	-
-	-	-	-	-	-	-
<u>993,890</u>	<u>-</u>	<u>89</u>	<u>-</u>	<u>-</u>	<u>203,604</u>	<u>235,352</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
( 993,890)	35,544	76,480	90,239	149,263	-	159,040
-	-	-	-	-	-	-
<u>( 993,890)</u>	<u>35,544</u>	<u>76,480</u>	<u>90,239</u>	<u>149,263</u>	<u>-</u>	<u>159,040</u>
<u>\$ -</u>	<u>\$ 35,544</u>	<u>\$ 76,569</u>	<u>\$ 90,239</u>	<u>\$ 149,263</u>	<u>\$ 203,604</u>	<u>\$ 394,392</u>

(continued)

**CITY OF CORSICANA, TEXAS**

**BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**SEPTEMBER 30, 2008**

	Special Revenue			Debt Service
	Court Fine - Judicial	Court Fine - Child Safety	GIS Project	Interest and Redemption Tax Supported Bonds G. O.
<b>ASSETS</b>				
Cash and investments	\$ 13,234	\$ 7,178	\$ 60,506	\$ 34,960
Receivables, net of allowances				
Taxes	-	-	-	72,191
Accounts	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 13,234</u>	<u>\$ 7,178</u>	<u>\$ 60,506</u>	<u>\$ 107,151</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	34,536
Deferred revenue	-	-	-	66,960
Total liabilities	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	101,496
Fund balances:				
Reserved for:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Debt service	-	-	-	5,655
Unreserved, reported in:				
Special revenue	13,234	7,178	60,506	-
Capital projects	-	-	-	-
Total fund balances	<hr/>	<hr/>	<hr/>	<hr/>
	13,234	7,178	60,506	5,655
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 13,234</u>	<u>\$ 7,178</u>	<u>\$ 60,506</u>	<u>\$ 107,151</u>

Capital Projects

2005 Certificate of Obligation Construction	2006 Capital Purchases	2006 Certificate of Obligation Construction	2006/2007 Capital Purchases	2007-2008 (A) Capital Purchases	2007/2008 (B) Capital Purchases	2008 General of Obligation	Total Governmental Funds
\$ 713,369	\$ -	\$ 503,280	\$ -	\$ 196,025	\$ 7,608	\$ 3,083,603	\$ 6,000,919
-	-	-	-	-	-	-	171,744
15,000	-	-	-	-	-	-	17,086
-	-	-	-	-	-	-	162
-	-	-	-	-	-	-	480,478
-	-	-	-	-	-	-	30,454
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>
<u>\$ 728,369</u>	<u>\$ -</u>	<u>\$ 503,280</u>	<u>\$ -</u>	<u>\$ 196,025</u>	<u>\$ 7,608</u>	<u>\$ 3,083,603</u>	<u>\$ 6,701,093</u>
\$ 546	\$ -	\$ 825	\$ -	\$ 48,071	\$ -	\$ 34,233	\$ 868,832
-	-	-	-	-	-	-	26,368
-	-	-	-	-	-	-	927,693
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,960</u>
<u>546</u>	<u>-</u>	<u>825</u>	<u>-</u>	<u>48,071</u>	<u>-</u>	<u>34,233</u>	<u>1,889,853</u>
-	-	-	-	-	-	-	30,454
-	-	-	-	-	-	-	250
-	-	-	-	-	-	-	5,655
-	-	-	-	-	-	-	339,671
<u>727,823</u>	<u>-</u>	<u>502,455</u>	<u>-</u>	<u>147,954</u>	<u>7,608</u>	<u>3,049,370</u>	<u>4,435,210</u>
<u>727,823</u>	<u>-</u>	<u>502,455</u>	<u>-</u>	<u>147,954</u>	<u>7,608</u>	<u>3,049,370</u>	<u>4,811,240</u>
<u>\$ 728,369</u>	<u>\$ -</u>	<u>\$ 503,280</u>	<u>\$ -</u>	<u>\$ 196,025</u>	<u>\$ 7,608</u>	<u>\$ 3,083,603</u>	<u>\$ 6,701,093</u>

**CITY OF CORSICANA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Special Revenue				Parks/ Recreation Special Revenue
	Hotel Occupancy Tax	Airport	Cemetery	Forfeitures	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy tax	417,964	-	-	-	-
Fines and forfeitures	-	-	-	8,849	-
Intergovernmental	-	14,246	-	-	-
Charges for services	-	368,532	2,269	-	-
Investment earnings	-	385	-	-	392
Miscellaneous	57	-	55,382	-	-
Contributions/donations	-	-	-	-	88,680
Total revenues	<u>418,021</u>	<u>383,163</u>	<u>57,651</u>	<u>8,849</u>	<u>89,072</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	380,612	-	-	-
Public safety	-	-	-	11,677	-
Public works	-	-	248,626	-	-
Community services	419,638	-	-	-	21,910
Debt service:					
Principal	371	-	3,453	-	-
Interest and other charges	3	-	293	-	-
Capital outlay	-	-	-	10,000	60,761
Total expenditures	<u>420,012</u>	<u>380,612</u>	<u>252,372</u>	<u>21,677</u>	<u>82,671</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 1,991)</u>	<u>2,551</u>	<u>( 194,721)</u>	<u>( 12,828)</u>	<u>6,401</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	-	-	-	-
Transfers in	-	-	163,000	-	-
Transfers out	<u>( 3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>( 3,000)</u>	<u>-</u>	<u>163,000</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 4,991)</u>	<u>2,551</u>	<u>( 31,721)</u>	<u>( 12,828)</u>	<u>6,401</u>
<b>FUND BALANCES, BEGINNING</b>	71,280	60,143	156,504	23,332	52,144
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, RESTATED</b>	<u>71,280</u>	<u>60,143</u>	<u>156,504</u>	<u>23,332</u>	<u>52,144</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 66,289</u>	<u>\$ 62,694</u>	<u>\$ 124,783</u>	<u>\$ 10,504</u>	<u>\$ 58,545</u>

Special Revenue

Parks/ Recreation Events	Library Grants and Contributions	City/County Economic Development	Police Special Revenue	Summer Recreation Programs	Community Support Special Revenue	Fire Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	30,151	-	-	-	-	742
-	-	-	-	-	-	-
-	-	3,710	359	-	-	-
-	-	-	-	-	-	-
<u>8,175</u>	<u>8,871</u>	<u>66,714</u>	<u>21,955</u>	<u>-</u>	<u>10,300</u>	<u>1,331</u>
<u>8,175</u>	<u>39,022</u>	<u>70,424</u>	<u>22,314</u>	<u>-</u>	<u>10,300</u>	<u>2,073</u>
-	-	691,311	-	-	-	-
-	-	-	26,171	-	-	2,495
-	-	-	-	-	-	-
10,938	33,788	-	-	24,829	7,945	-
-	-	11,728	-	-	-	-
-	-	-	-	-	-	-
-	-	<u>1,588,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,938</u>	<u>33,788</u>	<u>2,291,346</u>	<u>26,171</u>	<u>24,829</u>	<u>7,945</u>	<u>2,495</u>
( 2,763)	<u>5,234</u>	( 2,220,922)	( 3,857)	( 24,829)	<u>2,355</u>	( 422)
-	-	1,556,230	-	-	-	-
3,000	-	472,000	-	25,000	-	-
-	-	-	-	-	-	-
<u>3,000</u>	<u>-</u>	<u>2,028,230</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
237	5,234	( 192,692)	( 3,857)	171	2,355	( 422)
3,094	2,741	477,845	47,494	-	2,519	7,406
-	-	-	-	-	-	-
<u>3,094</u>	<u>2,741</u>	<u>477,845</u>	<u>47,494</u>	<u>-</u>	<u>2,519</u>	<u>7,406</u>
<u>\$ 3,331</u>	<u>\$ 7,975</u>	<u>\$ 285,153</u>	<u>\$ 43,637</u>	<u>\$ 171</u>	<u>\$ 4,874</u>	<u>\$ 6,984</u>

(continued)

**CITY OF CORSICANA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Special Revenue				
	Palace Theater	Police LEOSE	Homeland Security Grant	CHDO Home Buyer Program	Activity Tourism Center
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	3,545	7,955	19,235	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	490
Miscellaneous	11,156	-	-	-	-
Contributions/donations	-	-	-	-	-
Total revenues	<u>11,156</u>	<u>3,545</u>	<u>7,955</u>	<u>19,235</u>	<u>490</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	1,347	462	-	-
Public works	-	-	-	-	-
Community services	13,871	-	-	19,235	8,304
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	7,493	-	-
Total expenditures	<u>13,871</u>	<u>1,347</u>	<u>7,955</u>	<u>19,235</u>	<u>8,304</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 2,715)</u>	<u>2,198</u>	<u>-</u>	<u>-</u>	<u>( 7,814)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 2,715)</u>	<u>2,198</u>	<u>-</u>	<u>-</u>	<u>( 7,814)</u>
<b>FUND BALANCES, BEGINNING</b>	3,579	1,331	-	( 42,165)	70,014
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,413</u>	<u>-</u>
<b>FUND BALANCES, RESTATED</b>	<u>3,579</u>	<u>1,331</u>	<u>-</u>	<u>31,248</u>	<u>70,014</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 864</u>	<u>\$ 3,529</u>	<u>\$ -</u>	<u>\$ 31,248</u>	<u>\$ 62,200</u>

Special Revenue

Tax Increment Financing District	Court Technology	Court Building Security	Corsicana Crossing	Court Fine - Street Improvements	2006 TCDP Program	Texas Capital Grant
\$ 229,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	13,962	10,638	-	65,027	-	-
-	-	-	-	-	191,274	286,137
-	-	-	-	-	-	-
-	-	475	852	1,618	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>229,034</u>	<u>13,962</u>	<u>11,113</u>	<u>852</u>	<u>66,645</u>	<u>191,274</u>	<u>286,137</u>
-	-	1,981	-	-	-	6,975
-	-	-	11,448	-	-	-
-	-	-	-	-	-	-
237,859	7,575	-	-	-	-	-
100,000	-	-	-	-	-	-
8,664	-	-	-	-	-	-
-	-	-	-	106,886	191,274	447,858
<u>346,523</u>	<u>7,575</u>	<u>1,981</u>	<u>11,448</u>	<u>106,886</u>	<u>191,274</u>	<u>454,833</u>
( 117,489)	<u>6,387</u>	<u>9,132</u>	( 10,596)	( 40,241)	-	( 168,696)
-	-	-	-	-	-	-
-	-	-	-	-	-	327,736
-	-	-	-	-	-	-
-	-	-	-	-	-	<u>327,736</u>
( 117,489)	6,387	9,132	( 10,596)	( 40,241)	-	159,040
( 876,401)	29,157	67,348	100,835	189,504	-	-
-	-	-	-	-	-	-
<u>( 876,401)</u>	<u>29,157</u>	<u>67,348</u>	<u>100,835</u>	<u>189,504</u>	<u>-</u>	<u>-</u>
<u>\$( 993,890)</u>	<u>\$ 35,544</u>	<u>\$ 76,480</u>	<u>\$ 90,239</u>	<u>\$ 149,263</u>	<u>\$ -</u>	<u>\$ 159,040</u>

(continued)

**CITY OF CORSICANA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Special Revenue			Debt Service
	Court Fine - Judicial	Court Fine - Child Safety	GIS Project	Interest and Redemption Tax Supported Bonds G. O.
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,263,377
Occupancy tax	-	-	-	-
Fines and forfeitures	4,684	1,243	-	-
Intergovernmental	-	-	69,608	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	9,610
Miscellaneous	-	-	-	-
Contributions/donations	-	-	-	-
Total revenues	4,684	1,243	69,608	1,272,987
<b>EXPENDITURES</b>				
Current:				
General government	-	-	53,710	-
Public safety	-	2,500	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Debt service:				
Principal	-	-	-	859,079
Interest and other charges	-	-	-	460,926
Capital outlay	-	-	-	-
Total expenditures	-	2,500	53,710	1,320,005
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	4,684	( 1,257)	15,898	( 47,018)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Transfers in	-	-	44,608	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	44,608	-
<b>NET CHANGE IN FUND BALANCES</b>	4,684	( 1,257)	60,506	( 47,018)
<b>FUND BALANCES, BEGINNING</b>	8,550	8,435	-	52,673
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	-	-
<b>FUND BALANCES, RESTATED</b>	8,550	8,435	-	52,673
<b>FUND BALANCES, ENDING</b>	\$ 13,234	\$ 7,178	\$ 60,506	\$ 5,655

Capital Projects

2005 Certificate of Obligation Construction	2006 Capital Purchases	2006 Certificate of Obligation Construction	2006/2007 Capital Purchases	2007/2008 (A) Capital Purchases	2007/2008 (B) Capital Purchases	2008 General of Obligation	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,492,411
-	-	-	-	-	-	-	417,964
-	-	-	-	-	-	-	104,403
-	-	-	-	-	-	-	622,893
-	-	-	-	-	-	-	370,801
28,697	-	112,372	23,451	13,392	8,016	36,741	240,560
30,000	-	-	38,847	-	-	-	135,442
-	-	-	-	-	-	-	206,026
<u>58,697</u>	<u>-</u>	<u>112,372</u>	<u>62,298</u>	<u>13,392</u>	<u>8,016</u>	<u>36,741</u>	<u>3,590,500</u>
-	1,434	-	20,834	-	-	5,000	1,161,857
-	2,709	-	9,170	30,803	-	-	98,782
-	-	3,492,878	-	25,077	-	-	3,766,581
-	-	-	-	10,598	-	-	816,490
-	-	-	-	-	-	-	974,631
-	-	-	-	-	-	45,572	515,458
<u>15,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,119</u>	<u>50,000</u>	<u>336,799</u>	<u>3,068,662</u>
<u>15,165</u>	<u>4,143</u>	<u>3,492,878</u>	<u>30,004</u>	<u>320,597</u>	<u>50,000</u>	<u>387,371</u>	<u>10,402,461</u>
<u>43,532</u>	<u>( 4,143)</u>	<u>( 3,380,506)</u>	<u>32,294</u>	<u>( 307,205)</u>	<u>( 41,984)</u>	<u>( 350,630)</u>	<u>( 6,811,961)</u>
-	-	-	-	455,159	49,592	3,400,000	5,460,981
-	-	-	-	-	-	-	1,035,344
<u>( 327,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 330,736)</u>
<u>( 327,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>455,159</u>	<u>49,592</u>	<u>3,400,000</u>	<u>6,165,589</u>
<u>( 284,204)</u>	<u>( 4,143)</u>	<u>( 3,380,506)</u>	<u>32,294</u>	<u>147,954</u>	<u>7,608</u>	<u>3,049,370</u>	<u>( 646,372)</u>
1,012,027	4,143	3,882,961	( 32,294)	-	-	-	5,384,199
-	-	-	-	-	-	-	73,413
<u>1,012,027</u>	<u>4,143</u>	<u>3,882,961</u>	<u>( 32,294)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,457,612</u>
<u>\$ 727,823</u>	<u>\$ -</u>	<u>\$ 502,455</u>	<u>\$ -</u>	<u>\$ 147,954</u>	<u>\$ 7,608</u>	<u>\$ 3,049,370</u>	<u>\$ 4,811,240</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

# **STATISTICAL SECTION**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**CITY OF CORSICANA, TEXAS**

**TOP TEN TAXPAYERS**

**SEPTEMBER 30, 2008  
(UNAUDITED)**

<u>Agency</u>	<u>Market</u>	<u>Taxable</u>
1. HD USA 5147	\$ 62,820,000	\$ 43,974,000
2. True Value Co.	19,641,460	19,641,460
3. Corsicana Technologies, Inc.	13,918,800	13,918,800
4. Oncor Electric Delivery Co., LLC	12,709,020	12,709,020
5. True Value Company	12,612,900	12,612,900
6. Russell Stover Candies	12,387,510	12,387,510
7. Navarro Regional Hospital, Inc.	12,217,910	12,217,910
8. Kohl's Distribution Center #607 - Abated	9,416,450	9,416,450
9. Corsicana Industrial Foundation	8,967,150	8,967,150
10. National Industrial Portfolio Borrower, LLC	<u>8,950,040</u>	<u>8,950,040</u>
	<u>\$ 173,641,240</u>	<u>\$ 154,795,240</u>

**CITY OF CORSICANA, TEXAS**  
**MISCELLANEOUS STATISTICAL FACTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**  
**(UNAUDITED)**

Date of Incorporation	1848
Date of Last Amendment of City Charter	May 23, 2007
Form of Government	Mayor/Council
Area	23.28 sq. miles
Building Permits	
Permits Issued	276
Estimated Cost	\$9,585,263
Fire Protection and EMS:	
Number of Fire Stations	4
Number of Employees	57
Police Personnel	58
Recreation:	
Parks	12 with 625.5 acres
Playgrounds	9
Number of Swimming Pools	2
Municipal Water Plant:	
Number of Meters in Service	8,896
Average Daily Consumption	6.08 mgd.
Maximum Daily Capacity of Water Production	24.25 mgd.
Number of Gallons Registered Through Master Meters	2,317,705,000 gal.
Number of Gallons Sold	2,220,563,000 gal.
Number of Fire Hydrants	886
Municipal Employees:	
Full-time	279
Part-time	54.5
Tax Rate	.6272

Historical Data	
Population - City of Corsicana	
Year	Population *
1930	15,202
1940	15,232
1950	19,108
1960	20,344
1970	19,972
1980	21,712
1990	22,911
2000	24,485
2008	26,768 (est.)

\* Data provided from Federal Census

**CITY OF CORSICANA, TEXAS**

**TOP EMPLOYERS**

**SEPTEMBER 30, 2008**

**(UNAUDITED)**

<u>Taxpayer's Name</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
1. Russell Stover Candies	Manufacturing	1,000
2. Navarro College	Education	550
3. Guardian Industries	Manufacturing	390
4. Navarro Regional Hospital	Health care	361
5. Wal-Mart Super Center	Retail	350
6. City of Corsicana	Public administration	278
7. Home Depot	Warehouse	250

**THIS PAGE LEFT BLANK INTENTIONALLY**