

CITY OF CORSICANA, TEXAS

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2010

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Year Ended September 30, 2010

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Yeldell, Wilson & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS (A PROFESSIONAL CORPORATION)
Members of American Institute of Certified Public Accountants / Members of Private Companies Practice Section

Greer Yeldell, CPA / Glen D. Wilson, CPA
Mary E. Coile, CPA / Brooke Farmer, CPA / Glenda Valek, CPA / Joyce Reeve, CPA / Sandra M. Michalka, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Corsicana, Texas
200 N. 12th Street
Corsicana, TX 75110

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Corsicana, Texas, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corsicana, Texas, as of September 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective 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 Auditing Standards*, we have also issued our report dated March 21, 2011, on our consideration of the City of Corsicana, Texas' 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.

Honorable Mayor and Members of the City Council
City of Corsicana, Texas
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corsicana, Texas' financial statements as a whole. The combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Yeldell, Wilson & Co., P.C.
Certified Public Accountants

March 21, 2011

CITY OF CORSICANA, TEXAS

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, 2010.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$67,029,570 (net assets). Of this amount, \$11,986,660 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5,511,496.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,191,226. Over 98% of this total amount, \$5,091,878 is unreserved and available for use within the City's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,074,774 or 22% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City'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 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'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 most recent 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 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, judicial, public safety, community support services, public works, and cultural and recreational. The business-type activities of the City include utility operations, sanitation and emergency medical services.

The government-wide financial statements can be found on pages 11-12 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 fund 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.

The City maintains thirty-six individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund which is considered to be major fund. Data from the other thirty-five 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.

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

The basic governmental fund financial statements can be found on pages 13-17 of 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 three enterprise funds to account for its utility operations, sanitation and emergency medical services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility operations, sanitation and emergency medical services, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

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 21-45 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents combining statements and schedules referred to earlier in connection with non-major governmental funds. Combining and individual statements and schedules can be found on pages 46-66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$67,029,570 as of September 30, 2010.

A large portion of the City's net assets (79%) reflects its investments in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. 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		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 7,953,925	\$ 7,582,881	\$ 15,476,340	\$ 13,927,328	\$ 23,430,265	\$ 21,510,209
Capital assets	51,710,164	51,316,833	55,411,708	56,193,466	107,121,872	107,510,299
Total assets	59,664,089	58,899,714	70,888,048	70,120,794	130,552,137	129,020,508
Long term liabilities	15,513,837	16,153,115	44,340,258	47,075,739	59,854,095	63,228,854
Other liabilities	1,606,036	1,755,916	2,062,436	2,517,664	3,668,472	4,273,580
Total liabilities	17,119,873	17,909,031	46,402,694	49,593,403	63,522,567	67,502,434
Net assets:						
Invested in capital assets, net of related debt	37,993,856	36,606,311	15,020,985	17,536,624	53,014,841	54,142,935
Restricted	464,482	476,945	1,563,587	2,148,310	2,028,069	2,625,255
Unrestricted	4,085,878	3,907,427	7,900,782	842,457	11,986,660	4,749,884
Total net assets	\$ 42,544,216	\$ 40,990,683	\$ 24,485,354	\$ 20,527,391	\$ 67,029,570	\$ 61,518,074

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

An additional portion of the City's net assets (3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$11,986,660 may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate categories – governmental and business-type activities.

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2010. Governmental activities increased the City's net assets by \$1,553,533. Business-type activities increased the City's net assets by \$3,957,963.

CITY OF CORSICANA'S CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,420,741	\$ 1,433,669	\$ 20,422,996	\$ 18,058,153	\$ 21,843,737	\$ 19,491,822
Operating grants and contributions	1,136,614	860,023	-	-	1,136,614	860,023
Capital grants and contributions	754,742	933,426	22,578	84,434	777,320	1,017,860
General revenues:						
Property tax	7,514,547	7,483,973	-	-	7,514,547	7,483,973
Sales tax	4,996,997	5,034,621	-	-	4,996,997	5,034,621
Franchise tax	1,965,427	2,128,682	-	-	1,965,427	2,128,682
Hotel occupancy tax	348,217	374,282	-	-	348,217	374,282
Alcoholic beverage tax	32,355	33,497	-	-	32,355	33,497
Investment earnings	14,755	51,104	17,891	25,027	32,646	76,131
Gain on sale of capital assets	97,730	-	-	-	97,730	-
Miscellaneous	191,176	188,131	-	-	191,176	188,131
Total revenues	<u>18,473,301</u>	<u>18,521,408</u>	<u>20,463,465</u>	<u>18,167,614</u>	<u>38,936,766</u>	<u>36,689,022</u>
Expenses:						
General government	3,271,011	3,429,018	-	-	3,271,011	3,429,018
Judicial	383,638	378,397	-	-	383,638	378,397
Public safety	8,209,523	8,073,287	-	-	8,209,523	8,073,287
Community support services	453,387	1,191,459	-	-	453,387	1,191,459
Public works	3,204,745	4,360,909	-	-	3,204,745	4,360,909
Cultural and recreational	1,768,084	2,176,559	-	-	1,768,084	2,176,559
Building and vehicle maintenance	591,613	673,726	-	-	591,613	673,726
Interest on long-term debt	619,762	697,648	-	-	619,762	697,648
Utility operations	-	-	10,545,545	10,367,758	10,545,545	10,367,758
Sanitation	-	-	2,474,798	2,555,538	2,474,798	2,555,538
Emergency medical services	-	-	1,903,164	1,784,212	1,903,164	1,784,212
Total expenses	<u>18,501,763</u>	<u>20,981,003</u>	<u>14,923,507</u>	<u>14,707,508</u>	<u>33,425,270</u>	<u>35,688,511</u>
Increase in net assets before transfers	(28,462)	(2,459,595)	5,539,958	3,460,106	5,511,496	1,000,511
Transfers	1,581,995	1,573,145	(1,581,995)	(1,573,145)	-	-
Increase in net asset	<u>1,553,533</u>	<u>(886,450)</u>	<u>3,957,963</u>	<u>1,886,961</u>	<u>5,511,496</u>	<u>1,000,511</u>
Net assets - beginning	40,990,683	41,877,133	20,527,391	18,640,430	61,518,074	60,517,563
Net assets - ending	<u>\$ 42,544,216</u>	<u>\$ 40,990,683</u>	<u>\$ 24,485,354</u>	<u>\$ 20,527,391</u>	<u>\$ 67,029,570</u>	<u>\$ 61,518,074</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

- Property taxes increased by \$30,574 (0.41%) during the year. The majority of this increase is the product of a 7.6% increase in the net taxable assessed valuation.
- For the most part, decreases in expenses resulted from management imposed budgetary controls initiated in response to a declining national, state and local economy.
- Charges for services for business-type activities increased by 13.10% as a result of increased rates and the establishment of a tiered rate structure for water and wastewater services.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,191,226. Approximately 98% of this total amount \$5,091,878 constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for debt service \$30,485 and 2) for a variety of other restricted purposes \$68,863.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,074,774, while total fund balance reached \$3,113,183. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21.97% of total general fund expenditures, while total fund balance represents 22.25% of that same amount.

In the General fund, fund balance increased \$1,268,229 during the current fiscal year. As previously noted, due to anticipated decreases in revenue projections, management imposed budgetary controls, which when coupled with higher than anticipated revenues (including the sale of property owned), resulted in the increased fund balance.

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets (deficit) of the Utility Operations, Sanitation and Emergency Medical Services funds at the end of the year amounted to \$5,697,817, \$(183,524) and \$2,386,490, respectively. Net assets increased in 2010 by \$2,371,897, \$400,654 and \$1,185,412, respectively. The City sells water to most surrounding towns in Navarro County and these are the City's top users. The Sanitation fund's financial outlook has improved over the past year as a result of paying off a significant portion of its debt.. The Emergency Medical Services fund's increase is due to higher collections of accounts receivable, which lowered bad debt expenses recognized.

General Fund Budgetary Highlights. General fund budgeted revenues of \$14,890,453 exceeded actual revenues of \$14,348,953 by \$541,500. Following are the main components that experienced an increase or decrease of actual revenue compared to budgeted revenue:

- Lower than expected sales tax revenue resulted in budgeted revenues exceeding actual by \$258,003.
- Lower than expected franchise tax revenue resulted in budgeted revenues exceeding actual by \$349,573.

Budgeted general fund expenditures of \$15,684,264 exceeded actual expenditures of \$13,994,375. This \$1,689,889 positive variance in expenditures was achieved through a series of expenditure restrictions imposed during the year.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2010 amounts to \$107,121,872 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Completion of 36" raw water transmission line project by the City of approximately \$14,284,000.
- Infrastructure improvements of approximately \$612,000.
- Additions of approximately \$1,389,000 of various infrastructure improvement projects.

CITY OF CORSICANA'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 37,691,060	\$ 37,575,873	\$ 3,686,358	\$ 3,686,358	\$ 41,377,418	\$ 41,262,231
Construction in progress	685,571	519,294	1,190,464	14,324,266	1,876,035	14,843,560
Buildings	2,686,218	3,037,080	1,338,758	1,433,223	4,024,976	4,470,303
Improvements	-	-	35,962,564	22,861,917	35,962,564	22,861,917
Machinery and equipment	1,192,319	1,465,854	13,233,564	13,887,702	14,425,883	15,353,556
Infrastructure	9,454,996	8,718,732	-	-	9,454,996	8,718,732
Total	\$ 51,710,164	\$ 51,316,833	\$ 55,411,708	\$ 56,193,466	\$ 107,121,872	\$ 107,510,299

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

Additional information on the City of Corsicana's capital assets can be found in note 3 on pages 30-31 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Corsicana had a total bonded debt outstanding of \$55,210,000. Of this amount, \$31,265,000 comprises bonded debt backed by the full faith and credit of the government.

CITY OF CORSICANA'S OUTSTANDING DEBT Certificates of Obligation, General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Certificates of obligation	\$ 4,633,903	\$ 6,118,590	\$ 19,101,097	\$ 22,676,410	\$ 23,735,000	\$ 28,795,000
General obligation	7,530,000	6,760,174	-	304,826	7,530,000	7,065,000
Revenue bonds	-	-	23,945,000	22,630,000	23,945,000	22,630,000
Total	\$ 12,163,903	\$ 12,878,764	\$ 43,046,097	\$ 45,611,236	\$ 55,210,000	\$ 58,490,000

The City's general obligation debt and revenue bond ratings are listed below.

	Moody's	Standard & Poor's
Tax Bonds	A1	A
Revenue bonds	A2	BBB+

Additional information on the City of Corsicana's long term-debt can be found in note 3 on pages 33-37 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2010 Budget, General Fund revenues and transfers in are budgeted to increase by 2.6% from the 2009 budget year with general property taxes making up about 36% of general fund budgeted revenues and transfers in. Certified assessed taxable valuations increased 4.6% over the preceding year. The City's unemployment rate, at 8.3%, is minimally higher than the State of Texas' rate, which is 8.0%. The City's budgets for all funds have been affected this year by the downturn in the economy that has plagued the national economy for the past several years. In this coming fiscal year, the City's budget has been adjusted in anticipation of continued slower economic trends and recovery. During the past year, statewide sales tax receipts declined. The sales tax revenue source is the most volatile City revenue and is subject to decline if the local economy fails to maintain growth. No significant increase in the amount of interest income for the City is expected during this budget year, unless the Federal Reserve modifies its monetary policies that affect interest income derived from investment accounts.

As a result of the above-stated potential negative impacts in revenue, the City has made a concerted effort to limit appropriations to only those items truly necessary. This includes a modest increase in the amount authorized to be spent by the City for capital acquisitions.

Fiscal year 2010 represents the first full year with restructured water and sewer rates. Water and sewer rates were restructured to meet rising debt service requirements for prior water and sewer system expansions and renovations, and increased operating costs for the utility system. Water and sewer revenue improved, as expected, as a result of rate increase, and the Utility Fund ended the year in better shape than it had in several years.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 200 N. 12th Street, Corsicana, Texas 75110.

CITY OF CORSICANA, TEXAS
STATEMENT OF NET ASSETS
September 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,464,421	\$ 5,117,208	\$ 9,581,629
Receivables (net of allowance for uncollectibles)	3,171,743	4,660,971	7,832,714
Inventories	68,244	-	68,244
Prepaid items	619	167,832	168,451
Restricted assets:			
Cash and cash equivalents	-	2,709,696	2,709,696
Investments	-	1,779,259	1,779,259
Deferred charges	248,898	1,041,374	1,290,272
Capital assets:			
Non-depreciable	38,376,631	4,876,822	43,253,453
Depreciable (net of accumulated depreciation)	<u>13,333,533</u>	<u>50,534,886</u>	<u>63,868,419</u>
Total assets	<u>59,664,089</u>	<u>70,888,048</u>	<u>130,552,137</u>
LIABILITIES			
Accounts payable and other current liabilities	996,239	744,189	1,740,428
Accrued payroll payable	487,200	261,581	748,781
Accrued interest payable	59,079	214,188	273,267
Customer deposits payable	-	486,030	486,030
Unearned revenue	63,518	29,248	92,766
Liabilities payable from restricted assets	-	327,200	327,200
Noncurrent liabilities:			
Due within one year	1,031,595	2,724,297	3,755,892
Due in more than one year	<u>14,482,242</u>	<u>41,615,961</u>	<u>56,098,203</u>
Total liabilities	<u>17,119,873</u>	<u>46,402,694</u>	<u>63,522,567</u>
NET ASSETS			
Invested in capital assets, net of related debt	37,993,856	15,020,985	53,014,841
Restricted for:			
Public safety	433,997	-	433,997
Debt service	30,485	1,563,587	1,594,072
Unrestricted	<u>4,085,878</u>	<u>7,900,782</u>	<u>11,986,660</u>
Total net assets	<u>\$ 42,544,216</u>	<u>\$ 24,485,354</u>	<u>\$ 67,029,570</u>

CITY OF CORSICANA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,427,264	\$ 3,037,157	\$ 4,464,421
Receivables (net of allowance for uncollectibles)	2,521,586	650,157	3,171,743
Due from other funds	942,730	-	942,730
Inventory	37,790	30,454	68,244
Prepaid items	619	-	619
Total assets	\$ 4,929,989	\$ 3,717,768	\$ 8,647,757
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other current liabilities	\$ 460,929	\$ 535,310	\$ 996,239
Accrued payroll payable	476,551	10,649	487,200
Due to other funds	-	942,730	942,730
Deferred revenue	879,326	151,036	1,030,362
Total liabilities	1,816,806	1,639,725	3,456,531
Fund balances:			
Reserved for:			
Inventory	37,790	30,454	68,244
Prepaid items	619	-	619
Debt service	-	30,485	30,485
Unreserved, designated for, reported in:			
Special revenue funds	-	65,519	65,519
Unreserved, undesignated reported in:			
General fund	3,074,774	-	3,074,774
Special revenue funds	-	(39,318)	(39,318)
Capital projects funds	-	1,990,903	1,990,903
Total fund balances	3,113,183	2,078,043	5,191,226
Total liabilities and fund balances	\$ 4,929,989	\$ 3,717,768	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		51,710,164
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		966,844
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.		(59,079)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Due within one year	(1,031,595)	
Due in more than one year	(14,482,242)	
Deferred charges	248,898	(15,264,939)
Net assets of governmental activities		\$ 42,544,216

CITY OF CORSICANA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 6,049,217	\$ 1,399,837	\$ 7,449,054
Sales	4,996,997	-	4,996,997
Franchise	1,965,427	-	1,965,427
Hotel occupancy	-	348,217	348,217
Alcoholic beverage	32,355	-	32,355
Licenses and permits	206,965	-	206,965
Fines and forfeitures	526,619	174,721	701,340
Charges for current services	149,801	248,082	397,883
Revenues from use of money and property	5,021	9,732	14,753
Other revenue	180,179	153,671	333,850
Intergovernmental	211,422	1,255,880	1,467,302
Contributions and donations	24,950	400,065	425,015
Total revenues	<u>14,348,953</u>	<u>3,990,205</u>	<u>18,339,158</u>
EXPENDITURES			
Current:			
General government	1,350,039	1,409,441	2,759,480
Judicial	374,899	-	374,899
Public safety	7,328,530	1,186,869	8,515,399
Community support services	391,661	356,924	748,585
Public works	2,445,225	180,168	2,625,393
Cultural and recreational	1,547,148	98,445	1,645,593
Building and vehicle maintenance	529,065	-	529,065
Capital outlay:			
Public works	-	909,276	909,276
Debt service:			
Principal retirement	26,790	960,126	986,916
Interest and fiscal charges	1,018	680,729	681,747
Bond issuance costs	-	26,584	26,584
Total expenditures	<u>13,994,375</u>	<u>5,808,562</u>	<u>19,802,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>354,578</u>	<u>(1,818,357)</u>	<u>(1,463,779)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,673,925	1,069,045	2,742,970
Transfers out	(1,065,194)	(95,781)	(1,160,975)
Refunding bonds issued	-	1,290,000	1,290,000
Premium on bonds issued	-	72,755	72,755
Payment to refunded bond escrow agent	-	(1,305,000)	(1,305,000)
Loan proceeds	42,048	-	42,048
Sale of capital assets	262,872	-	262,872
Total other financing sources and uses	<u>913,651</u>	<u>1,031,019</u>	<u>1,944,670</u>
Net change in fund balances	1,268,229	(787,338)	480,891
Fund balances - beginning, as restated	1,844,954	2,865,381	4,710,335
Fund balances - ending	<u>\$ 3,113,183</u>	<u>\$ 2,078,043</u>	<u>\$ 5,191,226</u>

See accompanying notes to 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
Year Ended September 30, 2010

Amounts reported for governmental activities in the statement of activities (page 12) are different because:

Net change in fund balance-total governmental funds (page 14)		\$ 480,891
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.		1,860,783
The net effect of various transactions involving capital assets (i.e., asset retirements/disposals).		(187,294)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.		(1,280,158)
Governmental funds report all payments to pensions as expenditures. However, in the government-wide statement of activities only the actuarial annually required contribution is considered as expense. Any excess payment is recorded a liability. Change in net pension liability.		(226,531)
The issuance of long-term debt (e.g. bonds) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bonds issued	\$ (1,290,000)	
Deferred charges	26,584	
Bond premiums/discounts	(72,755)	
Bond refunding losses	31,170	
Capital leases issued	(42,048)	
Bond principal retirement	2,004,861	
Amortization of deferred charges	(50,255)	
Amortization of bond premiums/discounts	8,884	
Amortization of bond refunding losses	(130)	
Note payable retirement	32,253	
Amortization of discount on note payable	(19,223)	
Line of credit retirement	107,825	
Capital leases retirement	<u>233,377</u>	970,543
Payment of compensated absences is reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement of changes in net assets compensated absences are expensed as they are accrued. Change in the compensated absences liability.		(128,405)
Some revenues will not be collected for several months after the city's fiscal year end. These are not considered "available" revenues in the governmental funds until received. Change in amount deferred on Fund statements.		58,567
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest.		<u>5,137</u>
Change in net assets of governmental activities (page 12)		<u><u>\$ 1,553,533</u></u>

CITY OF CORSICANA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

Year Ended September 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 6,170,120	\$ 6,170,120	\$ 6,049,217	\$ (120,903)
Sales	5,255,000	5,255,000	4,996,997	(258,003)
Franchise	2,315,000	2,315,000	1,965,427	(349,573)
Alcoholic beverage	30,000	30,000	32,355	2,355
Licenses and permits	169,225	169,225	206,965	37,740
Fines and forfeitures	475,000	475,000	526,619	51,619
Charges for current services	145,958	145,958	149,801	3,843
Revenues from use of money and property	52,500	52,500	5,021	(47,479)
Other revenue	159,150	159,150	180,179	21,029
Intergovernmental	118,500	118,500	211,422	92,922
Contributions and donations	-	-	24,950	24,950
Total revenues	<u>14,890,453</u>	<u>14,890,453</u>	<u>14,348,953</u>	<u>(541,500)</u>
EXPENDITURES				
Current:				
General government:				
Administration:				
Mayor and council	29,318	29,318	21,728	(7,590)
Administration	265,922	265,922	233,951	(31,971)
Human resources	64,653	64,653	59,249	(5,404)
Civil service	63,563	63,563	61,831	(1,732)
Tax	171,000	171,000	161,343	(9,657)
Finance	572,333	572,333	520,222	(52,111)
Health services	33,000	33,000	33,000	-
Total administration	<u>1,199,789</u>	<u>1,199,789</u>	<u>1,091,324</u>	<u>(108,465)</u>
Non departmental	<u>336,385</u>	<u>336,385</u>	<u>258,715</u>	<u>(77,670)</u>
Total general government	<u>1,536,174</u>	<u>1,536,174</u>	<u>1,350,039</u>	<u>(186,135)</u>
Judicial:				
Legal	111,754	111,754	94,617	(17,137)
Municipal court	294,392	294,392	280,282	(14,110)
Total judicial	<u>406,146</u>	<u>406,146</u>	<u>374,899</u>	<u>(31,247)</u>
Public safety:				
Police	4,297,498	4,297,498	4,078,697	(218,801)
Fire	3,339,775	3,339,775	2,993,570	(346,205)
Emergency management	14,933	14,933	5,656	(9,277)
Animal control	109,246	109,246	82,693	(26,553)
Animal shelter	178,952	178,952	167,914	(11,038)
Total public safety	<u>7,940,404</u>	<u>7,940,404</u>	<u>7,328,530</u>	<u>(611,874)</u>

CITY OF CORSICANA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
Year Ended September 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Budget
	Original	Final		
Community support services:				
Inspections	\$ 156,949	\$ 156,949	\$ 134,131	\$ (22,818)
Planning and zoning	118,296	118,296	111,966	(6,330)
Code compliance	168,332	168,332	145,564	(22,768)
Total community support services	<u>443,577</u>	<u>443,577</u>	<u>391,661</u>	<u>(51,916)</u>
Public works:				
Information technology	105,229	105,229	110,172	4,943
Engineering	573,072	573,072	504,640	(68,432)
Streets	2,211,511	2,211,511	1,830,413	(381,098)
Total public works	<u>2,889,812</u>	<u>2,889,812</u>	<u>2,445,225</u>	<u>(444,587)</u>
Cultural and recreational:				
Parks and recreation	997,577	997,577	834,791	(162,786)
Lakes and grounds	132,166	132,166	111,594	(20,572)
Senior activity center	79,163	92,463	78,142	(14,321)
Swimming pool	20,000	109,000	67,445	(41,555)
Library	525,880	525,880	455,176	(70,704)
Total cultural and recreational	<u>1,754,786</u>	<u>1,857,086</u>	<u>1,547,148</u>	<u>(309,938)</u>
Building and vehicle maintenance:				
K. Wolens BIC	59,553	59,553	54,085	(5,468)
Maintenance service center	307,080	307,080	264,481	(42,599)
Municipal buildings	224,892	224,892	210,499	(14,393)
Total building and vehicle maintenance	<u>591,525</u>	<u>591,525</u>	<u>529,065</u>	<u>(62,460)</u>
Debt service:				
Principal retirement	19,540	19,540	26,790	7,250
Interest and fiscal charges	-	-	1,018	1,018
Total debt service	<u>19,540</u>	<u>19,540</u>	<u>27,808</u>	<u>8,268</u>
Total expenditures	<u>15,581,964</u>	<u>15,684,264</u>	<u>13,994,375</u>	<u>(1,689,889)</u>
Excess of revenues over expenditures	<u>(691,511)</u>	<u>(793,811)</u>	<u>354,578</u>	<u>1,148,389</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,626,072	1,728,372	1,673,925	(54,447)
Transfers out	(894,474)	(894,474)	(1,065,194)	(170,720)
Loan proceeds	-	-	42,048	42,048
Sale of capital assets	1,500	1,500	262,872	261,372
Total other financing sources and uses	<u>733,098</u>	<u>835,398</u>	<u>913,651</u>	<u>78,253</u>
Net change in fund balance	41,587	41,587	1,268,229	1,226,642
Fund balance - beginning	<u>1,959,743</u>	<u>1,959,743</u>	<u>1,844,954</u>	<u>(114,789)</u>
Fund balance - ending	<u>\$ 2,001,330</u>	<u>\$ 2,001,330</u>	<u>\$ 3,113,183</u>	<u>\$ 1,111,853</u>

See accompanying notes to financial statements.

CITY OF CORSICANA, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2010

	Business-type Activities - Enterprise Funds			
	Utility Operations	Sanitation	Emergency Medical Services	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,899,296	\$ 636,916	\$ 580,996	\$ 5,117,208
Restricted assets:				
Cash and cash equivalents	327,200	-	-	327,200
Receivables (net of allowance for uncollectibles)	2,371,521	172,810	2,116,640	4,660,971
Prepaid items	162,061	-	5,771	167,832
Total current assets	<u>6,760,078</u>	<u>809,726</u>	<u>2,703,407</u>	<u>10,273,211</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	2,220,631	161,865	-	2,382,496
Investments	1,779,259	-	-	1,779,259
Total restricted assets	<u>3,999,890</u>	<u>161,865</u>	<u>-</u>	<u>4,161,755</u>
Deferred charges	1,023,627	17,747	-	1,041,374
Capital assets (net, where applicable of accumulated depreciation)	<u>51,849,805</u>	<u>3,186,762</u>	<u>375,141</u>	<u>55,411,708</u>
Total noncurrent assets	<u>56,873,322</u>	<u>3,366,374</u>	<u>375,141</u>	<u>60,614,837</u>
Total assets	<u>63,633,400</u>	<u>4,176,100</u>	<u>3,078,548</u>	<u>70,888,048</u>
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	380,659	253,946	109,584	744,189
Accrued payroll payable	160,589	36,313	64,679	261,581
Unearned revenue	-	-	29,248	29,248
Compensated absences	71,384	5,849	22,545	99,778
Customer deposits payable	486,030	-	-	486,030
Bonds payable	2,490,000	38,306	-	2,528,306
Capital lease payable	43,141	53,072	-	96,213
Accrued interest payable	211,866	2,322	-	214,188
Current liabilities payable from restricted assets:				
Accounts payable	327,200	-	-	327,200
Total current liabilities	<u>4,170,869</u>	<u>389,808</u>	<u>226,056</u>	<u>4,786,733</u>
Noncurrent liabilities:				
Compensated absences	285,536	23,397	90,178	399,111
Bonds payable	39,761,121	397,791	-	40,158,912
Capital lease payable	45,891	159,569	-	205,460
Landfill closure liability	-	651,184	-	651,184
Net pension obligation	162,625	37,986	683	201,294
Total noncurrent liabilities	<u>40,255,173</u>	<u>1,269,927</u>	<u>90,861</u>	<u>41,615,961</u>
Total liabilities	<u>44,426,042</u>	<u>1,659,735</u>	<u>316,917</u>	<u>46,402,694</u>
NET ASSETS				
Invested in capital assets, net of related debt	12,107,820	2,538,024	375,141	15,020,985
Restricted for debt service	1,401,722	161,865	-	1,563,587
Unrestricted	5,697,816	(183,524)	2,386,490	7,900,782
Total net assets	<u>\$ 19,207,358</u>	<u>\$ 2,516,365</u>	<u>\$ 2,761,631</u>	<u>\$ 24,485,354</u>

See accompanying notes to financial statements.

CITY OF CORSICANA, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds			Total
	Utility Operations	Sanitation	Emergency Medical Services	
Operating revenues:				
Water revenue	\$ 9,427,078	\$ -	\$ -	\$ 9,427,078
Sewer revenue	4,143,566	-	-	4,143,566
Tap fees	21,900	-	-	21,900
Other charges	567,737	13,302	39,549	620,588
Garbage collection fees	-	1,014,170	-	1,014,170
Landfill	-	2,158,033	-	2,158,033
Emergency medical services	-	-	3,037,661	3,037,661
Total operating revenues	<u>14,160,281</u>	<u>3,185,505</u>	<u>3,077,210</u>	<u>20,422,996</u>
Operating expenses:				
Costs of sales and services	6,728,715	2,012,590	1,790,382	10,531,687
Administration	614,236	20,119	-	634,355
Depreciation and amortization	1,566,452	406,207	112,726	2,085,385
Total operating expenses	<u>8,909,403</u>	<u>2,438,916</u>	<u>1,903,108</u>	<u>13,251,427</u>
Operating income	<u>5,250,878</u>	<u>746,589</u>	<u>1,174,102</u>	<u>7,171,569</u>
Nonoperating revenue (expenses):				
Investment earnings	16,017	922	952	17,891
Interest and fiscal charges	(1,531,494)	(32,403)	(56)	(1,563,953)
Bond issuance costs	(104,648)	(3,479)	-	(108,127)
Total nonoperating revenue (expenses)	<u>(1,620,125)</u>	<u>(34,960)</u>	<u>896</u>	<u>(1,654,189)</u>
Income before contributions and transfers	3,630,753	711,629	1,174,998	5,517,380
Capital contributions	12,164	-	10,414	22,578
Transfer in	3,916	-	-	3,916
Transfer out	(1,274,936)	(310,975)	-	(1,585,911)
Change in net assets	2,371,897	400,654	1,185,412	3,957,963
Total net assets - beginning, as restated	16,835,461	2,115,711	1,576,219	20,527,391
Total net assets - ending	<u>\$ 19,207,358</u>	<u>\$ 2,516,365</u>	<u>\$ 2,761,631</u>	<u>\$ 24,485,354</u>

CITY OF CORSICANA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds			
	Utility Operations	Sanitation	Emergency Medical Services	Total
Cash flows from operating activities:				
Receipts from customers and users	\$14,157,411	\$3,136,906	\$1,959,349	\$19,253,666
Payments to suppliers	(3,946,195)	(1,119,579)	(295,940)	(5,361,714)
Payments to employees	(3,415,103)	(798,344)	(1,411,307)	(5,624,754)
Net cash provided (used) by operating activities	<u>6,796,113</u>	<u>1,218,983</u>	<u>252,102</u>	<u>8,267,198</u>
Cash flows from noncapital financing activities:				
Repayment of advances from other funds	(1,451,000)	-	-	(1,451,000)
Repayment of advances to other funds	-	100,000	260,000	360,000
Transfers from other funds	3,916	-	-	3,916
Transfers to other funds	(1,274,936)	(310,975)	-	(1,585,911)
Net cash provided (used) by noncapital financing activities	<u>(2,722,020)</u>	<u>(210,975)</u>	<u>260,000</u>	<u>(2,672,995)</u>
Cash flows from capital and related financing activities:				
Capital contributions	12,164	-	10,414	22,578
Acquisition and construction of capital assets	(1,207,378)	-	(137,589)	(1,344,967)
Proceeds from sale of bonds	14,740,000	-	-	14,740,000
Bond issuance costs	(113,767)	-	-	(113,767)
Principal paid on capital debt	(17,070,982)	(381,277)	(13,086)	(17,465,345)
Interest paid on capital debt	(1,876,559)	(34,582)	(56)	(1,911,197)
Net cash provided (used) by capital and related financing activities	<u>(5,516,522)</u>	<u>(415,859)</u>	<u>(140,317)</u>	<u>(6,072,698)</u>
Cash flows from investing activities:				
Interest on investments	16,017	922	952	17,891
Net cash provided (used) by investing activities	<u>16,017</u>	<u>922</u>	<u>952</u>	<u>17,891</u>
Net increase (decrease) in cash and cash equivalents	(1,426,412)	593,071	372,737	(460,604)
Cash and cash equivalents at beginning of year	9,652,798	205,710	208,259	10,066,767
Cash and cash equivalents at end of year	<u>\$ 8,226,386</u>	<u>\$ 798,781</u>	<u>\$ 580,996</u>	<u>\$ 9,606,163</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 5,250,878	\$ 746,589	\$1,174,102	\$ 7,171,569
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,566,452	396,808	112,726	2,075,986
(Increase) decrease in accounts receivable	(19,035)	(48,599)	(1,117,861)	(1,185,495)
(Increase) decrease in prepaid items	131,963	-	(5,771)	126,192
Increase (decrease) in accounts payable and accrued expenses	(239,947)	84,808	89,324	(65,815)
Increase (decrease) in unearned revenue	-	-	(418)	(418)
Net increase in customer deposits	16,165	-	-	16,165
Increase in landfill closure liability	-	18,987	-	18,987
Increase in net pension obligation	89,637	20,390	-	110,027
Total adjustments	<u>1,545,235</u>	<u>472,394</u>	<u>(922,000)</u>	<u>1,095,629</u>
Net cash provided by operating activities	<u>\$ 6,796,113</u>	<u>\$1,218,983</u>	<u>\$ 252,102</u>	<u>\$ 8,267,198</u>
Noncash investing, capital and financing activities:				
Capital assets purchased on account	\$ 327,201	\$ -	\$ -	\$ 327,201

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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 applies the criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected official's accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The City presently has no component units included within its reporting entity.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 revenues 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 revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, inventories of materials and supplies are considered expenditures when used and debt service expenditures, as well as expenditures related to accumulated unpaid sick pay, are recorded only when payment is due.

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, and interest associated with the current fiscal year are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. Available has been defined as received within sixty days of the fiscal year end. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The utility operations fund accounts for the activities of the water and wastewater operations that are intended to be self-supporting through user charges.

The sanitation fund accounts for the sanitation operations that are intended to be self-supporting through user charges.

The emergency medical services fund accounts for the emergency medical service operations that are intended to be self-supporting through user charges.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in the government-wide governmental and business type activities to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to apply private-sector guidance issued after November 30, 1989.

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 utility operations, sanitation and emergency medical services functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from 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 operations, sanitation and emergency medical services enterprise funds 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 revenues and expenses not meeting this definition are reported as nonoperating revenues 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

Deposits and Investments -

For purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition and money market accounts.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

Investments for the City are reported at fair value.

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 non-current 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 receivables in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is based on historical collection rate percentages.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Navarro Central Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Navarro County Tax Assessor/Collector bills and collects the City's property taxes, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time substantially all property taxes are collected.

Inventory and prepaid items -

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

Restricted assets –

Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “revenue bond construction” account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “revenue bond debt service” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond reserve” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

Capital assets -

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. The total interest expense incurred by the utility operations fund during the current fiscal year was \$1,900,717. Of this amount, \$369,223 was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	10-40
Machinery and equipment	3-20
Infrastructure	20-50

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net assets or equity (continued)

Compensated absences –

It is the government's policy to permit employees to accumulate earned but unused vacation and sick leave pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations -

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

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

Fund Equity -

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except capital project funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and departments. The City Manager and Director of Finance are authorized to make intradepartmental 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. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Council made several supplemental budgetary appropriations throughout the year.

B. Deficit fund equity

The City/County Economic Development special revenue fund had a deficit fund balance of \$46,225 as of September 30, 2010. The deficit fund balance will be covered by future revenue.

The Tax Increment Financing District special revenue fund had a deficit fund balance of \$847,901 as of September 30, 2010. The deficit fund balance will be covered with the collection of the special assessment within the District.

The Safe Route to School Grant special revenue fund had a fund balance deficit of \$204 as of September 30, 2010. The deficit fund balance will be covered by future revenue.

The 2009 Texas Capital Fund special revenue fund had a fund balance deficit of \$876 as of September 30, 2010. The deficit fund balance will be covered by future revenue.

The TDHCA Home Grant special revenue fund had a fund balance deficit of \$9 as of September 30, 2010. The deficit fund balance will be covered by future revenue.

The TCDP Grant Cinergy Cinemas special revenue fund had a fund balance deficit of \$4 as of September 30, 2010. The deficit fund balance will be covered by future revenue.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by State statutes at September 30, 2010. At year end, the bank balance of the City's deposits was \$623,043. Of the bank balance, \$355,433 was covered by federal depository insurance and the remaining balance, \$267,610 was covered by collateral pledged in the City's name. The collateral was held in the City's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately \$12,000,000.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and investments (continued)

Investments – Public funds of the City of Corsicana, Texas may be invested in the following: (1) obligations of the United States of America, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to stated maturity, excluding collateralized mortgage obligations, (2) fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed one year to stated maturity, (3) repurchase agreement and reverse purchase agreements as defined by the Act, not to exceed 180 days to stated maturity, provided an executed Bond Market Master Repurchase Agreement is on file with the City and the counterparty bank or primary dealer (4) no-load, SEC registered money market funds, each approved specifically before use by the City, and (5) constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the Public Funds Investment Act, and the actual rating as of year end.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
Tex Star	\$ 1,716,365	N/A	AAAm
Prime Investment Money Market Fund	1,779,259	N/A	Aaa
Total	<u>\$ 3,495,624</u>		

TexStar is considered a cash equivalent on the Government-wide Statement of Net Assets and on the Balance Sheets of the Fund Financial Statements.

The local government investment pool, Tex Star, is managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pool seeks to maintain a \$1 value per share as required by the Texas Public Funds Investment Act. Although the pool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the City’s position in the pool is the same as the value of pool’s shares.

Tex Star is co-administered by First Southwest Asset Management, Inc. and JPMorgan Chase, who provide investment services, participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JP Morgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co.

Prime Investment Money Market Fund (“Fund”) is a no-load, SEC registered money market fund. The Fund seeks current income while preserving capital and liquidity. The Fund’s advisor is Wells Fargo Funds Management, LLC.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

B. 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:

	General	Utility Operations	Sanitation	Emergency Medical Services	Nonmajor Governmental	Total
Receivables:						
Taxes	\$ 1,836,063	\$ -	\$ -	\$ -	\$ 225,938	\$ 2,062,001
Court fines	532,745	-	-	-	-	532,745
Accounts	-	2,370,354	220,497	3,657,166	-	6,248,017
Other	217,579	147,297	965	49,415	440,519	855,775
Gross receivables	<u>2,586,387</u>	<u>2,517,651</u>	<u>221,462</u>	<u>3,706,581</u>	<u>666,457</u>	<u>9,698,538</u>
Less: allowance for uncollectibles	<u>(64,801)</u>	<u>(146,130)</u>	<u>(48,652)</u>	<u>(1,589,941)</u>	<u>(16,300)</u>	<u>(1,865,824)</u>
Net total receivables	<u>\$ 2,521,586</u>	<u>\$ 2,371,521</u>	<u>\$ 172,810</u>	<u>\$ 2,116,640</u>	<u>\$ 650,157</u>	<u>\$ 7,832,714</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognized 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:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	\$ 346,581	\$ -
Court fines (general fund)	532,745	-
Delinquent property taxes receivable (other governmental funds)	87,518	-
Grant drawdowns prior to meeting all eligibility requirements	-	63,518
Total deferred / unearned revenue for governmental funds	<u>\$ 966,844</u>	<u>\$ 63,518</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets

Capital asset activity for the year ended September 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,575,873	\$ 290,537	\$ (175,350)	\$ 37,691,060
Construction in progress	519,294	774,407	(608,130)	685,571
Total capital assets not being depreciated	<u>38,095,167</u>	<u>1,064,944</u>	<u>(783,480)</u>	<u>38,376,631</u>
Capital assets being depreciated:				
Buildings	16,828,079	-	-	16,828,079
Machinery and equipment	6,119,551	184,053	(243,273)	6,060,331
Infrastructure	21,504,205	1,219,916	(56,578)	22,667,543
Totals capital assets being depreciated	<u>44,451,835</u>	<u>1,403,969</u>	<u>(299,851)</u>	<u>45,555,953</u>
Less accumulated depreciation for:				
Buildings	(13,790,999)	(350,862)	-	(14,141,861)
Machinery and equipment	(4,653,697)	(445,644)	231,329	(4,868,012)
Infrastructure	(12,785,473)	(483,652)	56,578	(13,212,547)
Total accumulated depreciation	<u>(31,230,169)</u>	<u>(1,280,158)</u>	<u>287,907</u>	<u>(32,222,420)</u>
Total capital assets, being depreciated, net	<u>13,221,666</u>	<u>123,811</u>	<u>(11,944)</u>	<u>13,333,533</u>
Governmental activities capital assets, net	<u>\$ 51,316,833</u>	<u>\$ 1,188,755</u>	<u>\$ (795,424)</u>	<u>\$ 51,710,164</u>

The beginning balance of land has been increased in the amount of \$20,846,163 for non-depreciable street subsurface, which should have been reported as part of land, but was previously reported as infrastructure.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 3,686,358	\$ -	\$ -	\$ 3,686,358
Construction in progress	14,324,266	1,150,224	(14,284,026)	1,190,464
Total capital assets not being depreciated	<u>18,010,624</u>	<u>1,150,224</u>	<u>(14,284,026)</u>	<u>4,876,822</u>
Capital assets being depreciated:				
Buildings	4,279,227	-	-	4,279,227
Improvements	34,567,775	14,290,441	-	48,858,216
Machinery and equipment	24,314,062	174,176	(87,612)	24,400,626
Total capital assets being depreciated	<u>63,161,064</u>	<u>14,464,617</u>	<u>(87,612)</u>	<u>77,538,069</u>
Less accumulated depreciation for:				
Buildings	(2,846,004)	(94,465)	-	(2,940,469)
Improvements	(11,705,858)	(1,189,794)	-	(12,895,652)
Machinery and equipment	(10,426,360)	(828,314)	87,612	(11,167,062)
Total accumulated depreciation	<u>(24,978,222)</u>	<u>(2,112,573)</u>	<u>87,612</u>	<u>(27,003,183)</u>
Total capital assets being depreciated, net	<u>38,182,842</u>	<u>12,352,044</u>	<u>-</u>	<u>50,534,886</u>
Business-type capital assets, net	<u>\$ 56,193,466</u>	<u>\$ 13,502,268</u>	<u>\$ (14,284,026)</u>	<u>\$ 55,411,708</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets (continued)

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

Governmental activities:	
General government	\$ 216,440
Public safety	255,879
Community support services	9,131
Public works	586,663
Cultural and recreational	157,391
Building and vehicle maintenance	54,654
Total depreciation expense - governmental activities	<u>\$ 1,280,158</u>
Business-type activities:	
Utility operations	\$ 1,593,640
Sanitation	406,207
Emergency medical services	112,726
Total depreciation expense - business-type activities	<u>\$ 2,112,573</u>

The construction in progress consists of infrastructure and utility system improvements.

Construction Commitments –

The City has construction projects outstanding as of September 30, 2010. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Spent-to-date</u>	<u>Commitment Remaining</u>
Infrastructure improvements	\$ 455,242	\$ 89,105
Utility system improvements	1,373,415	3,432,040
	<u>\$ 1,828,657</u>	<u>\$ 3,521,145</u>

The infrastructure improvements project is a commitment of the City's special revenue fund. This project is being funded by a grant. The utility system improvements project is a commitment of the City's utility operations enterprise fund. This project is being funded by certificates of obligation.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

D. Interfund receivables, payables and transfers

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 942,730</u>

These balances resulted from the lag time between the dates that transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers:

	Transfer In:			Total
	General	Utility Operations	Nonmajor Governmental	
Transfer out:				
General	\$ -	\$ -	\$ 1,065,194	\$ 1,065,194
Utility Operations	1,274,936	-	-	1,274,936
Sanitation	310,975	-	-	310,975
Nonmajor Governmental	88,014	3,916	3,851	95,781
	<u>\$ 1,673,925</u>	<u>\$ 3,916</u>	<u>\$ 1,069,045</u>	<u>\$ 2,746,886</u>

Transfers are used to:

- General Fund to Nonmajor Governmental Funds for subsidy for other programs in the City.
- Utility Operations to General Fund for subsidy for administrative expenditures (\$854,900) and payment in lieu of franchise taxes (\$420,036).
- Sanitation to General Fund for subsidy for administrative expenditures (\$218,000) and payment in lieu of franchise taxes (\$92,975).

E. Leases

Capital –

The City is currently purchasing equipment under lease purchase agreements. The interest on the leases range from 3.37-3.97%.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

E. Lease (continued)

The assets acquired through capital leases are as follows:

<u>Asset</u>	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 259,371	\$ 308,339
Less: accumulated depreciation	(156,248)	(130,018)
Total	<u>\$ 103,123</u>	<u>\$ 178,321</u>

Annual debt service requirements to maturity are as follows –

Year Ending September 30	Capital Lease Obligations			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 71,270	\$ 9,005	\$ 96,213	\$ 9,720
2012	59,653	6,447	95,963	6,067
2013	45,268	4,050	36,446	3,324
2014	37,158	2,526	31,759	2,159
2015	38,548	1,136	32,947	971
2016	9,940	61	8,345	52
	<u>\$ 261,837</u>	<u>\$ 23,225</u>	<u>\$ 301,673</u>	<u>\$ 22,293</u>

F. Long-term debt

Certificates of Obligation -

The City issues certificates of obligation to provide fund for the acquisition and construction of major capital facilities. Certificates of obligation have been issued for both governmental and business-type activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the government and are further secured by and payable from a pledge of the surplus net revenues derived from the operation of the City's utility operations.

Certificates of obligation currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	3.25-5.125%	\$ 4,633,903
Business-type activities	3.00-5.75%	19,101,097
Total		<u>\$ 23,735,000</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

Annual debt service requirements to maturity for certificates of obligation bonds are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 91,694	\$ 190,199	\$ 753,306	\$ 787,752
2012	95,221	186,461	834,779	705,495
2013	102,274	182,511	857,726	676,250
2014	149,374	177,478	880,626	640,654
2015	242,901	169,632	922,100	597,937
2016-2020	1,335,976	692,686	4,944,024	2,454,311
2021-2025	1,627,403	390,457	6,207,597	1,379,434
2026-2029	989,060	47,460	3,700,939	222,066
	<u>\$ 4,633,903</u>	<u>\$ 2,036,884</u>	<u>\$ 19,101,097</u>	<u>\$ 7,463,899</u>

General Obligation Bonds -

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities - refunding	2.00-4.00%	\$ 7,530,000
Total		<u>\$ 7,530,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2010	\$ 475,000	\$ 274,846
2011	490,000	258,581
2012	510,000	239,984
2013	535,000	223,183
2014	435,000	205,873
2015-2019	2,195,000	787,192
2020-2024	1,970,000	382,288
2025-2029	920,000	45,039
	<u>\$ 7,530,000</u>	<u>\$ 2,416,986</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

Revenue Bonds -

The City also issued bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

Revenue bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Business-type activities - refunding	3.00-7.00%	\$ 23,945,000
Total		\$ 23,945,000

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending September 30	Business-type Activities	
	Principal	Interest
2011	\$ 1,775,000	\$ 874,983
2012	1,970,000	819,483
2013	2,055,000	740,683
2014	2,095,000	690,783
2015	2,180,000	617,248
2016-2020	10,175,000	1,923,023
2021-2025	3,695,000	385,184
	\$ 23,945,000	\$ 6,051,387

Prior-year Defeasance of Debt –

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2010, \$13,215,000 of bonds outstanding are considered defeased.

Note Payable -

Note payable currently outstanding and reported as a liability of the City's governmental activities is:

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

In fiscal year 2008, the City executed a contract and agreement relating to an economic development program with the Texas Department of Agriculture's Rural Economic Development Division. Under the terms of the contract and agreement the City agreed to repay to the Texas Department of Agriculture an amount up to \$703,700 for the purchase of land and an existing building to help create jobs in an economic development area. The note is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5.00%. Payments will be made in two hundred forty equal monthly installments up to a maximum of \$2,932 each beginning June 2008 and ending May 2028.

Future note payments are as follows:

Year Ending September 30		
2011	\$	35,185
2012		35,185
2013		35,185
2014		35,185
2015		35,185
2016-2020		175,925
2021-2025		175,925
2026-2028		93,827
Total note payments		621,602
Unamortized discount		(209,347)
Present value of note payments	\$	412,255

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 \$833,399 was outstanding as of September 30, 2010. The line of credit matures May 19, 2018 with an interest rate of 5.00%.

Annual principal and interest requirements are as follows:

Year Ending September 30	Principal	Interest
2011	\$ 100,000	\$ 34,659
2012	100,000	34,659
2013	100,000	34,659
2014	100,000	34,659
2015	100,000	34,659
2016-2018	333,399	20,065
	\$ 833,399	\$ 193,360

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

Changes in long-term liabilities –

Long-term liability activity for the year ended September 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates of obligation	\$ 6,118,590	\$ -	\$ (1,484,687)	\$ 4,633,903	\$ 91,694
General obligation bonds	6,760,174	1,290,000	(520,174)	7,530,000	475,000
Less deferred amounts:					
For issuance premium	12,083	72,755	(8,884)	75,954	-
On refunding	-	(31,170)	130	(31,040)	-
Total bonds payable	12,890,847	1,331,585	(2,013,615)	12,208,817	566,694
Note payable	653,855	-	(32,253)	621,602	35,185
Less discount on note payable	(228,570)	-	19,223	(209,347)	(20,941)
Line of credit	941,224	-	(107,825)	833,399	100,000
Capital leases	453,166	42,048	(233,377)	261,837	71,270
Compensated absences	1,268,534	1,200,247	(1,071,842)	1,396,939	279,387
Net pension obligation	174,059	226,531	-	400,590	-
Governmental activity Long-term liabilities	<u>\$ 16,153,115</u>	<u>\$ 2,800,411</u>	<u>\$ (3,439,689)</u>	<u>\$ 15,513,837</u>	<u>\$ 1,031,595</u>
Business-type activities:					
Bonds payable:					
Certificates of obligation	\$ 22,676,410	\$ 3,705,000	\$ (7,280,313)	\$ 19,101,097	\$ 753,306
General obligation bonds	304,826	-	(304,826)	-	-
Revenue bonds	22,630,000	11,035,000	(9,720,000)	23,945,000	1,775,000
Less deferred amounts:					
For issuance discount	(141,944)	-	46,670	(95,274)	-
For issuance premium	-	627,512	(2,615)	624,897	-
On refunding	(109,359)	(812,977)	33,834	(888,502)	-
Total bonds payable	45,359,933	14,554,535	(17,227,250)	42,687,218	2,528,306
Landfill closure	632,197	18,987	-	651,184	-
Capital lease	461,877	-	(160,204)	301,673	96,213
Compensated absences	530,465	229,155	(260,731)	498,889	99,778
Net pension obligation	91,267	110,027	-	201,294	-
Business-type activity Long-term liabilities	<u>\$ 47,075,739</u>	<u>\$ 14,912,704</u>	<u>\$ (17,648,185)</u>	<u>\$ 44,340,258</u>	<u>\$ 2,724,297</u>

Certificates of obligation, general obligation bonds and capital leases issued for governmental activity purposes are liquidated by the debt service fund. Certificates of obligations, revenue bonds, landfill closure, capital leases, compensated absences and net pension obligation issued for business-type activities are repaid from those activities.

Governmental compensated absences will be liquidated by the General Fund.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

G. Restricted assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Revenue bond construction account	\$ 2,925,368
Revenue bond debt service account	82,117
Revenue bond reserve account	1,481,470
	<u>\$ 4,488,955</u>

NOTE 4 – OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

B. Commitments

Tax Increment Financing (“TIF”) Reinvestment Zone Number 1 - As set forth in Ordinance No. 2289, dated August 21, 2001, the City created Tax Increment Financing (“TIF”) Reinvestment Zone Number 1 (the “Zone”) to fund a series of infrastructure improvements, which are needed to incentivize and accelerate the rate of development in the Zone. Pursuant to Resolution No. 1028, approved on December 18, 2001, the City authorized the execution of a development agreement with Corsicana-Navarro County Developers, L.L.C. (“Company”). Under the agreement the Company was to design and construct public improvements including the extension of water and fire protection services, the extension of sanitary sewer services, earthwork and street construction in the Zone. Following completion of the public improvements with funding provided by the Company, the City shall acquire the public improvements and reimburse the acquisition funding by the use of TIF increment funds.

Subject to the terms of the agreement, the City agrees to reimburse the Company in the amount of \$250,000 in any fiscal year, not to exceed 75% of the total funds deposited into the TIF fund in any one fiscal year unless authorized by the TIF District Board of Directors. As of September 30, 2010 the unreimbursed costs due the Company totaled \$2,834,604.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

B. Commitments (continued)

Retail Center Development Agreement – On February 3, 2004, the City, along with Navarro County, executed a retail center development agreement with The Corsicana Industrial Foundation, Inc. (“Foundation”). Under the agreement the City and County agrees to grant to the Foundation 50% to 100% of the sales tax generated by businesses located in a retail center. The Foundation agrees to use all of the moneys from the grant solely for the purpose of repayment of debt associated with the funding incentives offered to a business located in the center. This agreement shall terminate upon repayment of the debt associated with the incentive package. Grants paid to the Foundation under the agreement for the year ended September 30, 2010 totaled \$431,637 by the City and \$143,882 by the County. As of September 30, 2010 the unpaid debt of the City and County associated with the incentive package totaled \$6,538,679.

Water Contract - On June 30, 1959, as amended July 16, 1965, the City contracted with the Trinity River Authority for 90% of the yield from the water conservation space in Navarro Mills Reservoir, on an entitlement of 17.460 acre feet of the 19,400 acre feet of water available to the authority. The Trinity River Authority (TRA) is a governmental agency, which is controlled by directors appointed by the governor.

The City's annual payments for maintenance and operation to the Authority, constituting an operating expense on the City's utility operating fund, are estimated to be \$598,850 annually, subject to adjustment as required by the Authority to cover actual cost incurred. Actual payments for the year ended September 30, 2010 were \$531,986.

The City and the Trinity River Authority completed negotiations to amortize the City's share of capital costs incurred for Bardwell Reservoir as a part of the American Recovery and Reinvestment Act of 2009 (ARRA Stimulus Funding). The amortized capital costs are included in the 2011 Trinity River Authority Navarro Mills Reservoir Budget.

C. Contingencies

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

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

D. Retirement plan

Plan Description -

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

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

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

	Plan Year 2009	Plan Year 2010
Employee deposit rate	7.0%	7.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions -

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 28-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

D. Retirement plan (continued)

The City contributes to the TMRS Plan at an actuarially determined rate, which for 2010 and 2009 was 16.84% and 14.89%, respectively. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Annual Required Contribution (ARC)	\$ 1,766,363
Interest on Net Pension Obligation	19,899
Adjustment to the ARC	<u>(16,201)</u>
Annual Pension Cost (APC)	1,770,061
Contributions Made	<u>(1,433,503)</u>
Increase (decrease) in net pension obligation	336,558
Net Pension Obligation/(Asset), beginning of year	<u>265,326</u>
Net Pension Obligation/(Asset), end of year	<u><u>\$ 601,884</u></u>

Six-year trend information is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2005	\$ 765,008	\$ 765,008	100%	\$ -
2006	764,546	764,546	100%	-
2007	738,424	738,424	100%	-
2008	1,039,203	1,039,203	100%	-
2009	1,675,508	1,410,182	84%	265,326
2010	1,770,061	1,433,503	81%	336,558

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

D. Retirement plan (continued)

The required contribution rates for the year ended September 30, 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	12/31/2007	12/31/2008	12/31/2009
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	30 years; closed period	29 years; closed period	28 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.5%	7.5%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

The funded progress, presenting multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2004	\$14,317,449	\$18,483,560	77.5%	\$ 4,166,111	\$ 7,488,062	55.6%
12/31/2005	15,151,700	19,447,257	77.9%	4,295,557	7,202,820	59.6%
12/31/2006	15,594,113	22,669,242	68.8%	7,075,129	7,759,579	91.2%
12/31/2007	16,260,406	28,146,270	57.8%	11,885,864	8,462,104	140.5%
12/31/2008	16,946,545	29,893,778	56.7%	12,947,233	8,847,450	146.3%
12/31/2009	17,274,408	31,022,164	55.7%	13,747,756	9,354,262	147.0%

E. Postemployment Benefits

Program Description:

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

E. Postemployment Benefits (continued)

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

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

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

Plan / Calendar Year	City's Contribution		Schedule of Contribution Rates As a Percentage of Covered Payroll		
	Annual Required Contribution	Actual Contribution Made	Annual Required Contribution	Actual Contribution Made	Percentage of ARC Contributed
	2005	\$ 22,067	\$ 22,067	0.12%	0.12%
2006	24,285	24,285	0.11%	0.11%	100.0%
2007	24,510	24,510	0.10%	0.10%	100.0%
2008	24,735	24,735	0.09%	0.09%	100.0%
2009	25,648	25,648	0.28%	0.28%	100.0%
2010	22,783	22,783	0.25%	0.25%	100.0%

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

F. 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 \$651,184 reported to date is based on the use of 22.46 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2,247,525 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. 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, 2010, investments of \$142,263 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.

G. Subsequent event

Subsequent to year end the City entered into a construction contract relating to the construction of a City pump station totaling \$422,490. The City also entered into a contract for the repair of a building totaling \$227,160.

The City also entered into various capital lease agreements for the purchase of various equipment. These leases total \$1,404,078 and have terms of 3, 5 and 10 years.

H. Prior Period Adjustment

Corrections have been made to the governmental activities and business-type activities beginning net assets in the government-wide financial statements and to the fund balance/net assets in the fund financial statements due to errors in classification and recording of financial transactions in the prior period, resulting in an understatement/overstatement of assets, understatement/overstatement of fund balance/net assets, understatement of revenues, and an overstatement of expenses of the prior year. The change to the beginning fund balance/net assets as of October 1, 2009 is summarized as follows:

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – OTHER INFORMATION (continued)

H. Prior Period Adjustment (continued)

	Government-wide	Fund Financial Statements
	Governmental Activities	Other Governmental
As previously reported, October 1, 2009	\$ 40,637,280	\$ 2,602,940
Correct understatement of accounts receivable	262,441	262,441
Correct understatement of capital assets	90,962	-
Restated, October 1, 2009	\$ 40,990,683	\$ 2,865,381
Effect of restatement on operations for the year ending September 30, 2009	\$ 353,403	\$ 262,441
		Government-wide and Fund Financial Statements
		Business-type Activities
		Utility Operations
As previously reported, October 1, 2009		\$ 16,772,775
Correct understatement of capital assets		62,686
Restated, October 1, 2009		\$ 16,835,461
Effect of restatement on operations for the year ending September 30, 2009		\$ 62,686

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The *Hotel/Motel Occupancy Fees* fund was established to account for financial resources to be used to promote tourism. A tax is levied upon the occupancy of any room or space furnished by any hotel. Revenue from this tax is used by the City to promote tourism. A large portion is allocated to the Chamber of Commerce/Corsicana Development Commission (CDC) for promoting and advertising tourism within the City.

The *Airport Operating* fund was established to account for the construction and operation of the airport. Revenue consists of hangar rentals, gas sales, and grants. There is no debt associated with this fund.

The *Cemetery* fund accounts for the maintenance and operation of City-owned cemeteries. This is funded by the sale of cemetery lots and transfers from the general fund.

The *Forfeitures* fund accounts for police funds that were seized and subsequently awarded to the City through court action.

The *Parks/Recreation* fund was created to account for projects sponsored by the City. It is funded by donations and other contributions.

The *Parks/Recreation Special Events* fund was created to account for special events sponsored by the City. It is funded through donations and transfers from the Hotel/Motel fund.

The *Library* fund was created to account for special projects sponsored by the City. It is funded through donations and small grants.

The *Corsicana/Navarro County Economic Development* fund supports an employee for economic development through interactions with the business community within the City of Corsicana and Navarro County. The county reimburses the city for half of the director's salary. All other funding is by transfer from the general fund.

The *Police* fund accounts for various projects supported by the police department. It is funded through donations.

The *Summer Recreation Programs* fund supports various summer programs such as tennis, kid-fish, etc. and is funded by a transfer from the general fund.

The *Community Support Services* fund was created to account for Community Support Services projects sponsored by the City. Included are benevolent services and cemetery projects. It is funded by donations.

The *Fire* fund was created to account for special projects and LEOSE funds from the state. Special projects are funded through donations, and LEOSE expenditures are funded by the state for training.

The *Palace Theatre* fund accounts for and tracks the payment of electric service for the downtown Palace Theatre. The City makes a budget approved donation to the account and the balance is reimbursed to the City by the theatre.

The *Police LEOSE* fund accounts for expenditures that are funded by the state for law enforcement officer education.

Nonmajor Governmental Funds (continued)

SPECIAL REVENUE FUNDS (continued)

The *Senior Activity Center* fund accounts for the maintenance and capital purchases for the Sr. Activity Center. It was originally funded by a grant.

The *Tax Increment Financing District* fund is funded by tax dollars from the City of Corsicana, Navarro County and Navarro College. The TIF is being utilized to fund a series of infrastructure improvements, including frontage road improvements along IH-45, water and sewer line installation, and the purchase of one parcel of property in the business park.

The *Court Technology* fund accounts for the collection of a municipal court technology fee. The funds may be used only to finance the purchase of technological enhancements for the municipal court including: computer systems; computer networks; computer hardware; computer software; imaging systems; electronic kiosks; electronic ticket writers; and docket management systems.

The *Court Security* fund accounts for the collection of a municipal court building security fee. The funds may be used only to provide security services for buildings housing the municipal court, including: purchase or repair of X-ray machines and conveying systems; handheld metal detectors; walkthrough metal detectors; identification cards and systems; electronic locking and surveillance equipment; bailiffs, deputy sheriffs, deputy constables, or contract security personnel during times when they are providing appropriate security services; signage; confiscated weapon inventory and tracking systems; locks, chains, alarms, or similar security devices; purchase or repair of bullet-proof glass; and continuing education on security issues for court personnel and security personnel.

The *Corsicana Crossing* fund was created to account for funds received for Corsicana Crossing retail center projects.

The *Court Fines - Street Improvement* funds accounts for the collection of a municipal court rules of the road fee. The funds may be used only to finance the: construction and maintenance of roads, bridges, and culverts; enforcement of laws regulating the use of highways by motor vehicles; and defray the expense of traffic officers. Texas Municipal Courts Education Center (TMCEC) states enforcement of laws would include radar, police vehicles, and personnel enforcing traffic laws.

The *Court Fines - Judicial* fund accounts for the collection of a municipal court judicial efficiency fee. The funds are used to promote the efficient operation of the municipal court and the investigation, prosecution, and enforcement of offenses that are within the jurisdiction of the municipal court.

The *Court Fines - Child Safety* fund accounts for the collection of a municipal court child safety fee. The funds may be used to finance: a school crossing guard program; programs designed to enhance child safety, health, or nutrition, including child abuse prevention and intervention and drug and alcohol abuse prevention.

The *GIS Project* fund is used to account for an agreement between NCTCOG and Navarro County, City of Corsicana and Corsicana Independent School District. The purpose is for the conversion by NCTCOG of all Navarro County parcel data from AutoCAD to Geographic Information System format (GIS). Expenses to be shared by all three entities.

The *Safe Route to School Grant* fund accounts for grant money from Texas Department of Rural Affairs (ORCA). The funds will be used to construct concrete sidewalks with curb ramps and the installation of crosswalks and school zone signs with flashers for all schools.

Nonmajor Governmental Funds (continued)

SPECIAL REVENUE FUNDS (continued)

The *2009 Texas Capital Fund* accounts for grant money from Texas Department of Rural Affairs (ORCA). The funds were used for the addition of infrastructure to bring new retail business into the City.

The *TDHCA Home Grant* fund accounts for grant money from the Texas Department of Housing and Community Affairs Home Program. The funds are primarily used to provide affordable housing to low income families.

The *Police Department JAG Grant* fund was established to account for grant funds received in connection with the Edward Byrne Memorial Justice Assistance Grant. The funds were primarily used to acquire a new Records/CAD Management software system.

The *TCDP Grant - Cinergy Cinemas* fund accounts for grant funds received from the Texas Capital Fund Grant program. The grant funds will be used to construct concrete curb and gutter pavement relating to the Cinergy Cinemas Corsicana, LP development project.

The *Police Seizures* fund accounts for police funds that were seized and pending court action.

DEBT SERVICE FUND

The *Debt Service* fund accounts for the accumulation of resources for the payment of general debt principal, interest and related costs. The revenue source is principally ad valorem taxes levied by the City.

CAPITAL PROJECTS FUNDS

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

The *2005 Certificates of Obligation Construction* fund is used to account for resources designated for the following general related projects: finance equipment, street projects, facility renovations, and the interurban project; and to assemble costs related to these improvements. Sources for funds are proceeds from the sale of Certificates of Obligation.

The *2006 Certificates of Obligation Construction* fund is used to account for resources designated for the following general related projects: construction and improvement of City streets, City parks and renovation of City Hall. Sources for funds are proceeds from the sale of Certificates of Obligation.

The *2007/2008 (A) Capital Purchases* fund is used to account for capital lease proceeds used for the purchase of equipment, including: computer software, three police cars, computers, engineering pickup, bush hog and various maintenance equipment.

The *2007/2008 (B) Capital Purchases* fund is used to account for capital lease proceeds used for the purchase of a Mack dump truck, bucket truck, mobile generator, backhoe and brush truck.

The *2008 General Obligation* fund is used to account for resources designated for the following general related projects: street and drainage improvements, public safety equipment and park improvements. Sources for funds are proceeds from the sale of General Obligation bonds.

CITY OF CORSICANA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2010

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,000,103	\$ 25,636	\$ 2,011,418	\$ 3,037,157
Receivables (net of allowance for uncollectibles)	557,790	92,367	-	650,157
Inventory	30,454	-	-	30,454
Total assets	<u>\$ 1,588,347</u>	<u>\$ 118,003</u>	<u>\$ 2,011,418</u>	<u>\$ 3,717,768</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other current liabilities	\$ 514,795	\$ -	\$ 20,515	\$ 535,310
Accrued payroll payable	10,649	-	-	10,649
Due to other funds	942,730	-	-	942,730
Deferred revenue	63,518	87,518	-	151,036
Total liabilities	<u>1,531,692</u>	<u>87,518</u>	<u>20,515</u>	<u>1,639,725</u>
Fund balances:				
Reserved for:				
Inventory	30,454	-	-	30,454
Debt service	-	30,485	-	30,485
Unreserved:				
Designated for cemetery street maintenance	65,519	-	-	65,519
Undesignated reported in nonmajor:				
Special revenue funds	(39,318)	-	-	(39,318)
Capital projects funds	-	-	1,990,903	1,990,903
Total fund balances	<u>56,655</u>	<u>30,485</u>	<u>1,990,903</u>	<u>2,078,043</u>
Total liabilities and fund balances	<u>\$ 1,588,347</u>	<u>\$ 118,003</u>	<u>\$ 2,011,418</u>	<u>\$ 3,717,768</u>

CITY OF CORSICANA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes:				
Property	\$ -	\$ 1,399,837	\$ -	\$ 1,399,837
Hotel occupancy	348,217	-	-	348,217
Fines and forfeitures	174,721	-	-	174,721
Charges for current services	248,082	-	-	248,082
Revenues from use of money and property	1,814	422	7,496	9,732
Other revenue	153,671	-	-	153,671
Intergovernmental	1,255,880	-	-	1,255,880
Contributions and donations	400,065	-	-	400,065
Total revenues	<u>2,582,450</u>	<u>1,400,259</u>	<u>7,496</u>	<u>3,990,205</u>
EXPENDITURES				
Current:				
General government	1,409,441	-	-	1,409,441
Public safety	1,186,869	-	-	1,186,869
Community support services	356,924	-	-	356,924
Public works	174,902	-	5,266	180,168
Cultural and recreational	98,445	-	-	98,445
Capital outlay:				
Public works	-	-	909,276	909,276
Debt service:				
Principal retirement	35,530	924,596	-	960,126
Interest and fiscal charges	130,711	550,018	-	680,729
Bond issuance costs	-	26,584	-	26,584
Total expenditures	<u>3,392,822</u>	<u>1,501,198</u>	<u>914,542</u>	<u>5,808,562</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(810,372)</u>	<u>(100,939)</u>	<u>(907,046)</u>	<u>(1,818,357)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,069,045	-	-	1,069,045
Transfers out	(79,524)	-	(16,257)	(95,781)
Refunding bonds issued	-	1,290,000	-	1,290,000
Premium on bonds issued	-	72,755	-	72,755
Payment to refunded bond escrow agent	-	(1,305,000)	-	(1,305,000)
Total other financing sources (uses)	<u>989,521</u>	<u>57,755</u>	<u>(16,257)</u>	<u>1,031,019</u>
Net change in fund balances	179,149	(43,184)	(923,303)	(787,338)
Fund balances - beginning, as restated	<u>(122,494)</u>	<u>73,669</u>	<u>2,914,206</u>	<u>2,865,381</u>
Fund balances - ending	<u>\$ 56,655</u>	<u>\$ 30,485</u>	<u>\$ 1,990,903</u>	<u>\$ 2,078,043</u>

CITY OF CORSICANA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2010

	Hotel/Motel Occupancy Fees	Airport Operating	Cemetery	Forfeitures	Parks/ Recreation	Parks/ Recreation Special Events
ASSETS						
Cash and cash equivalents	\$ -	\$ 48,692	\$ 86,152	\$ 9,473	\$ 67,629	\$ 7,850
Receivables (net of allowance for uncollectibles)	98,567	35,618	-	-	500	-
Inventory	-	30,454	-	-	-	-
Total assets	<u>\$ 98,567</u>	<u>\$ 114,764</u>	<u>\$ 86,152</u>	<u>\$ 9,473</u>	<u>\$ 68,129</u>	<u>\$ 7,850</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	\$ 52,246	\$ 19,035	\$ 7,412	\$ -	\$ 6,960	\$ -
Accrued payroll payable	4,213	-	423	-	-	-
Due to other funds	1,105	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>57,564</u>	<u>19,035</u>	<u>7,835</u>	<u>-</u>	<u>6,960</u>	<u>-</u>
Fund balances:						
Reserved for:						
Inventory	-	30,454	-	-	-	-
Unreserved:						
Designated for cemetery street maintenance	-	-	65,519	-	-	-
Undesignated	41,003	65,275	12,798	9,473	61,169	7,850
Total fund balances	<u>41,003</u>	<u>95,729</u>	<u>78,317</u>	<u>9,473</u>	<u>61,169</u>	<u>7,850</u>
Total liabilities and fund balances	<u>\$ 98,567</u>	<u>\$ 114,764</u>	<u>\$ 86,152</u>	<u>\$ 9,473</u>	<u>\$ 68,129</u>	<u>\$ 7,850</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2010

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	Library	Corsicana/ Navarro County Economic Development	Police	Summer Recreation Programs	Community Support Services	Fire
ASSETS						
Cash and cash equivalents	\$ 10,483	\$ 34,191	\$ 20,006	\$ 15,932	\$ 11,453	\$ 8,402
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 10,483</u>	<u>\$ 34,191</u>	<u>\$ 20,006</u>	<u>\$ 15,932</u>	<u>\$ 11,453</u>	<u>\$ 8,402</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	\$ -	\$ 74,409	\$ 87	\$ -	\$ -	\$ -
Accrued payroll payable	-	6,007	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>80,416</u>	<u>87</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Reserved for:						
Inventory	-	-	-	-	-	-
Unreserved:						
Designated for cemetery street maintenance	-	-	-	-	-	-
Undesignated	10,483	(46,225)	19,919	15,932	11,453	8,402
Total fund balances	<u>10,483</u>	<u>(46,225)</u>	<u>19,919</u>	<u>15,932</u>	<u>11,453</u>	<u>8,402</u>
Total liabilities and fund balances	<u>\$ 10,483</u>	<u>\$ 34,191</u>	<u>\$ 20,006</u>	<u>\$ 15,932</u>	<u>\$ 11,453</u>	<u>\$ 8,402</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2010

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	Palace Theatre	Police LEOSE	Senior Activity Center	Tax Increment Financing District	Court Technology	Court Security
ASSETS						
Cash and cash equivalents	\$ 3,060	\$ 2,550	\$ 55,977	\$ 5,102	\$ 52,408	\$ 93,702
Receivables (net of allowance for uncollectibles)	-	-	-	18,704	-	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 3,060</u>	<u>\$ 2,550</u>	<u>\$ 55,977</u>	<u>\$ 23,806</u>	<u>\$ 52,408</u>	<u>\$ 93,702</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	\$ 1,028	\$ -	\$ 475	\$ 310,725	\$ 188	\$ 1,356
Accrued payroll payable	-	-	-	-	-	6
Due to other funds	-	-	-	560,982	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>1,028</u>	<u>-</u>	<u>475</u>	<u>871,707</u>	<u>188</u>	<u>1,362</u>
Fund balances:						
Reserved for:						
Inventory	-	-	-	-	-	-
Unreserved:						
Designated for cemetery street maintenance	-	-	-	-	-	-
Undesignated	2,032	2,550	55,502	(847,901)	52,220	92,340
Total fund balances	<u>2,032</u>	<u>2,550</u>	<u>55,502</u>	<u>(847,901)</u>	<u>52,220</u>	<u>92,340</u>
Total liabilities and fund balances	<u>\$ 3,060</u>	<u>\$ 2,550</u>	<u>\$ 55,977</u>	<u>\$ 23,806</u>	<u>\$ 52,408</u>	<u>\$ 93,702</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2010

	Corsicana Crossing	Court Fines - Street Improvement	Court Fines - Judicial	Court Fines - Child Safety	GIS Project	Safe Route to School Grant
ASSETS						
Cash and cash equivalents	\$ 72,412	\$ 252,362	\$ 24,753	\$ 2,035	\$ 37,470	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	116,127
Inventory	-	-	-	-	-	-
Total assets	\$ 72,412	\$ 252,362	\$ 24,753	\$ 2,035	\$ 37,470	\$ 116,127
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	\$ -	\$ 1,559	\$ -	\$ -	\$ -	\$ 11,097
Accrued payroll payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	105,234
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	1,559	-	-	-	116,331
Fund balances:						
Reserved for:						
Inventory	-	-	-	-	-	-
Unreserved:						
Designated for cemetery street maintenance	-	-	-	-	-	-
Undesignated	72,412	250,803	24,753	2,035	37,470	(204)
Total fund balances	72,412	250,803	24,753	2,035	37,470	(204)
Total liabilities and fund balances	\$ 72,412	\$ 252,362	\$ 24,753	\$ 2,035	\$ 37,470	\$ 116,127

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2010

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	2009 Texas Capital Fund	TDHCA Home Grant	Police Department JAG Grants	TCDP Grant Cinergy Cinemas	Police Seizures	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 77,749	\$ -	\$ 260	\$ 1,000,103
Receivables (net of allowance for uncollectibles)	273,175	-	-	15,099	-	557,790
Inventory	-	-	-	-	-	30,454
Total assets	<u>\$ 273,175</u>	<u>\$ -</u>	<u>\$ 77,749</u>	<u>\$ 15,099</u>	<u>\$ 260</u>	<u>\$ 1,588,347</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	\$ 12,402	\$ -	\$ 14,204	\$ 1,352	\$ 260	\$ 514,795
Accrued payroll payable	-	-	-	-	-	10,649
Due to other funds	261,649	9	-	13,751	-	942,730
Deferred revenue	-	-	63,518	-	-	63,518
Total liabilities	<u>274,051</u>	<u>9</u>	<u>77,722</u>	<u>15,103</u>	<u>260</u>	<u>1,531,692</u>
Fund balances:						
Reserved for:						
Inventory	-	-	-	-	-	30,454
Unreserved:						
Designated for cemetery street maintenance	-	-	-	-	-	65,519
Undesignated	(876)	(9)	27	(4)	-	(39,318)
Total fund balances	<u>(876)</u>	<u>(9)</u>	<u>27</u>	<u>(4)</u>	<u>-</u>	<u>56,655</u>
Total liabilities and fund balances	<u>\$ 273,175</u>	<u>\$ -</u>	<u>\$ 77,749</u>	<u>\$ 15,099</u>	<u>\$ 260</u>	<u>\$ 1,588,347</u>

CITY OF CORSICANA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2010

	Hotel/Motel Occupancy Fees	Airport Operating	Cemetery	Forfeitures	Parks/ Recreation	Parks/ Recreation Special Events
REVENUES						
Taxes:						
Hotel occupancy	\$ 348,217	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	13,038	-	-
Charges for current services	-	244,596	3,486	-	-	-
Revenues from use of money and property	-	129	146	16	249	15
Other revenue	510	13,749	59,960	-	14,175	-
Intergovernmental	-	-	-	-	-	-
Contributions and donations	6,725	-	633	-	147,134	6,619
Total revenues	<u>355,452</u>	<u>258,474</u>	<u>64,225</u>	<u>13,054</u>	<u>161,558</u>	<u>6,634</u>
EXPENDITURES						
Current:						
General government	392,867	270,762	161,624	-	-	-
Public safety	-	-	-	6,027	-	-
Community support services	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	62,554	5,206
Debt service:						
Principal retirement	-	-	3,277	-	-	-
Interest and fiscal charges	-	-	79	-	-	-
Total expenditures	<u>392,867</u>	<u>270,762</u>	<u>164,980</u>	<u>6,027</u>	<u>62,554</u>	<u>5,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,415)</u>	<u>(12,288)</u>	<u>(100,755)</u>	<u>7,027</u>	<u>99,004</u>	<u>1,428</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	25,000	-	110,000	-	-	3,850
Transfers out	(3,850)	-	-	-	(75,674)	-
Total other financing sources (uses)	<u>21,150</u>	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>(75,674)</u>	<u>3,850</u>
Net change in fund balances	(16,265)	(12,288)	9,245	7,027	23,330	5,278
Fund balances - beginning	57,268	108,017	69,072	2,446	37,839	2,572
Fund balances - ending	<u>\$ 41,003</u>	<u>\$ 95,729</u>	<u>\$ 78,317</u>	<u>\$ 9,473</u>	<u>\$ 61,169</u>	<u>\$ 7,850</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2010

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	Library	Corsicana/ Navarro County Economic Development	Police	Summer Recreation Programs	Community Support Services	Fire
REVENUES						
Taxes:						
Hotel occupancy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Charges for current services	-	-	-	-	-	-
Revenues from use of money and property	26	-	46	28	22	17
Other revenue	-	60,000	-	-	-	-
Intergovernmental	11,088	-	-	-	-	706
Contributions and donations	4,647	69,199	9,461	-	6,847	3,035
Total revenues	<u>15,761</u>	<u>129,199</u>	<u>9,507</u>	<u>28</u>	<u>6,869</u>	<u>3,758</u>
EXPENDITURES						
Current:						
General government	-	584,188	-	-	-	-
Public safety	-	-	14,859	-	-	5,121
Community support services	-	-	-	-	4,550	-
Public works	-	-	-	-	-	-
Cultural and recreational	16,124	-	-	-	-	-
Debt service:						
Principal retirement	-	32,253	-	-	-	-
Interest and fiscal charges	-	130,263	-	-	-	-
Total expenditures	<u>16,124</u>	<u>746,704</u>	<u>14,859</u>	<u>-</u>	<u>4,550</u>	<u>5,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(363)</u>	<u>(617,505)</u>	<u>(5,352)</u>	<u>28</u>	<u>2,319</u>	<u>(1,363)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	675,000	-	5,000	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>675,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(363)	57,495	(5,352)	5,028	2,319	(1,363)
Fund balances - beginning	10,846	(103,720)	25,271	10,904	9,134	9,765
Fund balances - ending	<u>\$ 10,483</u>	<u>\$ (46,225)</u>	<u>\$ 19,919</u>	<u>\$ 15,932</u>	<u>\$ 11,453</u>	<u>\$ 8,402</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2010

	Palace Theatre	Police LEOSE	Senior Activity Center	Tax Increment Financing District	Court Technology	Court Security
REVENUES						
Taxes:						
Hotel occupancy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	17,003	12,890
Charges for current services	-	-	-	-	-	-
Revenues from use of money and property	7	5	107	-	91	169
Other revenue	5,277	-	-	-	-	-
Intergovernmental	-	3,368	-	223,075	-	-
Contributions and donations	6,000	-	-	-	-	-
Total revenues	<u>11,284</u>	<u>3,373</u>	<u>107</u>	<u>223,075</u>	<u>17,094</u>	<u>13,059</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	2,325	-	-	3,953	4,965
Community support services	-	-	2,176	310,714	-	-
Public works	-	-	-	-	-	-
Cultural and recreational	14,561	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	369	-	-
Total expenditures	<u>14,561</u>	<u>2,325</u>	<u>2,176</u>	<u>311,083</u>	<u>3,953</u>	<u>4,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,277)</u>	<u>1,048</u>	<u>(2,069)</u>	<u>(88,008)</u>	<u>13,141</u>	<u>8,094</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	189,391	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,391</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,277)	1,048	(2,069)	101,383	13,141	8,094
Fund balances - beginning	<u>5,309</u>	<u>1,502</u>	<u>57,571</u>	<u>(949,284)</u>	<u>39,079</u>	<u>84,246</u>
Fund balances - ending	<u>\$ 2,032</u>	<u>\$ 2,550</u>	<u>\$ 55,502</u>	<u>\$ (847,901)</u>	<u>\$ 52,220</u>	<u>\$ 92,340</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2010

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	Corsicana Crossing	Court Fines - Street Improvement	Court Fines - Judicial	Court Fines - Child Safety	GIS Project	Safe Route to School Grant
REVENUES						
Taxes:						
Hotel occupancy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	123,276	6,380	2,134	-	-
Charges for current services	-	-	-	-	-	-
Revenues from use of money and property	143	455	43	3	70	-
Other revenue	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	401,700
Contributions and donations	-	-	-	-	-	-
Total revenues	<u>143</u>	<u>123,731</u>	<u>6,423</u>	<u>2,137</u>	<u>70</u>	<u>401,700</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	430	5,800	-	401,904
Community support services	-	-	-	-	-	-
Public works	13,997	145,802	-	-	-	-
Cultural and recreational	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>13,997</u>	<u>145,802</u>	<u>430</u>	<u>5,800</u>	<u>-</u>	<u>401,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,854)</u>	<u>(22,071)</u>	<u>5,993</u>	<u>(3,663)</u>	<u>70</u>	<u>(204)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	21,329	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>21,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(13,854)	(742)	5,993	(3,663)	70	(204)
Fund balances - beginning	<u>86,266</u>	<u>251,545</u>	<u>18,760</u>	<u>5,698</u>	<u>37,400</u>	<u>-</u>
Fund balances - ending	<u>\$ 72,412</u>	<u>\$ 250,803</u>	<u>\$ 24,753</u>	<u>\$ 2,035</u>	<u>\$ 37,470</u>	<u>\$ (204)</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2010

	2009 Texas Capital Fund	TDHCA Home Grant	Police Department JAG Grants	TCDP Grant Cinergy Cinemas	Police Seizures	Totals
REVENUES						
Taxes:						
Hotel occupancy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348,217
Fines and forfeitures	-	-	-	-	-	174,721
Charges for current services	-	-	-	-	-	248,082
Revenues from use of money and property	-	-	27	-	-	1,814
Other revenue	-	-	-	-	-	153,671
Intergovernmental	264,867	-	335,977	15,099	-	1,255,880
Contributions and donations	139,765	-	-	-	-	400,065
Total revenues	<u>404,632</u>	<u>-</u>	<u>336,004</u>	<u>15,099</u>	<u>-</u>	<u>2,582,450</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	1,409,441
Public safety	405,508	-	335,977	-	-	1,186,869
Community support services	-	39,484	-	-	-	356,924
Public works	-	-	-	15,103	-	174,902
Cultural and recreational	-	-	-	-	-	98,445
Debt service:						
Principal retirement	-	-	-	-	-	35,530
Interest and fiscal charges	-	-	-	-	-	130,711
Total expenditures	<u>405,508</u>	<u>39,484</u>	<u>335,977</u>	<u>15,103</u>	<u>-</u>	<u>3,392,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(876)</u>	<u>(39,484)</u>	<u>27</u>	<u>(4)</u>	<u>-</u>	<u>(810,372)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	39,475	-	-	-	1,069,045
Transfers out	-	-	-	-	-	(79,524)
Total other financing sources (uses)	<u>-</u>	<u>39,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>989,521</u>
Net change in fund balances	(876)	(9)	27	(4)	-	179,149
Fund balances - beginning	-	-	-	-	-	(122,494)
Fund balances - ending	<u>\$ (876)</u>	<u>\$ (9)</u>	<u>\$ 27</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 56,655</u>

CITY OF CORSICANA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2010

	2005 Certificate of Obligation Construction	2006 Certificate of Obligation Construction	2007/2008 (A) Capital Purchases	2007/2008 (B) Capital Purchases	2008 General Obligation	Total
ASSETS						
Cash and cash equivalents	\$ 561,487	\$ 275,485	\$ 32	\$ -	\$ 1,174,414	\$ 2,011,418
Total assets	<u>\$ 561,487</u>	<u>\$ 275,485</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 1,174,414</u>	<u>\$ 2,011,418</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	\$ -	\$ 20,290	\$ -	\$ -	\$ 225	\$ 20,515
Total liabilities	<u>-</u>	<u>20,290</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>20,515</u>
Fund balances:						
Unreserved:						
Undesignated	561,487	255,195	32	-	1,174,189	1,990,903
Total fund balances	<u>561,487</u>	<u>255,195</u>	<u>32</u>	<u>-</u>	<u>1,174,189</u>	<u>1,990,903</u>
Total liabilities and fund balances	<u>\$ 561,487</u>	<u>\$ 275,485</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 1,174,414</u>	<u>\$ 2,011,418</u>

CITY OF CORSICANA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended September 30, 2010

	2005 Certificate of Obligation Construction	2006 Certificate of Obligation Construction	2007/2008 (A) Capital Purchases	2007/2008 (B) Capital Purchases	2008 General Obligation	Total
REVENUES						
Revenues from use of money and property	\$ 1,140	\$ 2,148	\$ 32	\$ -	\$ 4,176	\$ 7,496
Total revenues	<u>1,140</u>	<u>2,148</u>	<u>32</u>	<u>-</u>	<u>4,176</u>	<u>7,496</u>
EXPENDITURES						
Current:						
Public works	-	-	-	5,266	-	5,266
Capital outlay:						
Public works	1,587	12,410	-	-	895,279	909,276
Total expenditures	<u>1,587</u>	<u>12,410</u>	<u>-</u>	<u>5,266</u>	<u>895,279</u>	<u>914,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(447)</u>	<u>(10,262)</u>	<u>32</u>	<u>(5,266)</u>	<u>(891,103)</u>	<u>(907,046)</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(12,341)	-	(3,916)	-	(16,257)
Total other financing sources (uses)	<u>-</u>	<u>(12,341)</u>	<u>-</u>	<u>(3,916)</u>	<u>-</u>	<u>(16,257)</u>
Net change in fund balances	(447)	(22,603)	32	(9,182)	(891,103)	(923,303)
Fund balances - beginning, as restated	561,934	277,798	-	9,182	2,065,292	2,914,206
Fund balances - ending	<u>\$ 561,487</u>	<u>\$ 255,195</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 1,174,189</u>	<u>\$ 1,990,903</u>

Proprietary Fund

ENTERPRISE FUNDS

The *Utility Operations* fund was established to account for operations of the water and sewer system. It is operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including debt) of providing goods or services to the general public on a continuing bases are financed or recovered primarily through user charges.

The *Sanitation* fund was established to account for operations of the landfill system. It is operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including debt) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

The *Emergency Medical Services* fund was established to account for operations of the EMS (emergency medical services) system. It is operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including debt) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

CITY OF CORSICANA, TEXAS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND - UTILITY OPERATIONS
Year Ended September 30, 2010

	Final Amended Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
Operating revenues:					
Service charges and rents	\$13,854,648	\$13,592,544	\$ -	\$13,592,544	\$ (262,104)
Penalty	230,000	194,466	-	194,466	(35,534)
Other	234,600	373,271	-	373,271	138,671
Total operating revenues	<u>14,319,248</u>	<u>14,160,281</u>	<u>-</u>	<u>14,160,281</u>	<u>(158,967)</u>
Operating expenses:					
Sampling and analysis	445,914	406,815	15,932	390,883	(55,031)
Overland WWTP	276,408	262,889	9,328	253,561	(22,847)
Wastewater reclamation center	1,512,745	1,396,823	28,122	1,368,701	(144,044)
Navarro Mills plant	2,219,851	2,235,126	32,540	2,202,586	(17,265)
Lake Halbert plant	765,055	671,201	17,528	653,673	(111,382)
Utility system maintenance	2,119,939	1,509,905	34,783	1,475,122	(644,817)
Utility line replacement	357,280	241,076	8,181	232,895	(124,385)
Utility billing	493,592	467,347	16,213	451,134	(42,458)
Non-departmental	6,965,290	151,769	(390,210)	541,979	(6,423,311)
Depreciation	-	1,566,452	1,566,452	-	-
Total operating expenses	<u>15,156,074</u>	<u>8,909,403</u>	<u>1,338,869</u>	<u>7,570,534</u>	<u>(7,585,540)</u>
Operating income	(836,826)	5,250,878	(1,338,869)	6,589,747	7,426,573
Nonoperating revenue (expenses):					
Investment earnings	161,800	16,017	(11,414)	27,431	(134,369)
Interest and fiscal charges	(4,439,437)	(1,531,494)	2,688,156	(4,219,650)	219,787
Bond issuance costs	-	(104,648)	12,049	(116,697)	(116,697)
Total nonoperating revenue (expenses)	<u>(4,277,637)</u>	<u>(1,620,125)</u>	<u>2,688,791</u>	<u>(4,308,916)</u>	<u>(31,279)</u>
Income before contributions and transfers	(5,114,463)	3,630,753	1,349,922	2,280,831	7,395,294
Capital contributions	-	12,164	-	12,164	12,164
Transfer in	-	3,916	-	3,916	3,916
Transfer out	<u>(1,309,508)</u>	<u>(1,274,936)</u>	<u>-</u>	<u>(1,274,936)</u>	<u>34,572</u>
Change in net assets	(6,423,971)	2,371,897	1,349,922	1,021,975	7,445,946
Total net assets - beginning, as restated	9,404,378	16,835,461	-	16,835,461	7,431,083
Total net assets - ending	<u>\$ 2,980,407</u>	<u>\$19,207,358</u>	<u>\$ 1,349,922</u>	<u>\$17,857,436</u>	<u>\$14,877,029</u>

CITY OF CORSICANA, TEXAS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND - SANITATION
Year Ended September 30, 2010

	Final Amended Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
Operating revenues:					
Service charges and rents	\$ 3,200,240	\$ 3,172,203	\$ -	\$ 3,172,203	\$ (28,037)
Penalty	2,600	-	-	-	(2,600)
Other	20,300	13,302	-	13,302	(6,998)
Total operating revenues	<u>3,223,140</u>	<u>3,185,505</u>	<u>-</u>	<u>3,185,505</u>	<u>(37,635)</u>
Operating expenses:					
Landfill operations	1,348,511	956,152	24,872	931,280	(417,231)
Contract collections	701,151	701,005	-	701,005	(146)
Bulk solid waste pickup	394,776	355,433	13,114	342,319	(52,457)
Non-departmental	43,530	20,119	-	20,119	(23,411)
Depreciation	-	406,207	406,207	-	-
Total operating expenses	<u>2,487,968</u>	<u>2,438,916</u>	<u>444,193</u>	<u>1,994,723</u>	<u>(493,245)</u>
Operating income	735,172	746,589	(444,193)	1,190,782	455,610
Nonoperating revenue (expenses):					
Investment earnings	3,512	922	-	922	(2,590)
Interest and fiscal charges	(418,833)	(32,403)	381,277	(413,680)	5,153
Bond issuance costs	-	(3,479)	-	(3,479)	(3,479)
Total nonoperating revenue (expenses)	<u>(415,321)</u>	<u>(34,960)</u>	<u>381,277</u>	<u>(416,237)</u>	<u>(916)</u>
Income before contributions and transfers	319,851	711,629	(62,916)	774,545	454,694
Transfer out	<u>(316,564)</u>	<u>(310,975)</u>	<u>-</u>	<u>(310,975)</u>	<u>5,589</u>
Change in net assets	3,287	400,654	(62,916)	463,570	460,283
Total net assets - beginning	164,346	2,115,711	-	2,115,711	1,951,365
Total net assets - ending	<u>\$ 167,633</u>	<u>\$ 2,516,365</u>	<u>\$ (62,916)</u>	<u>\$ 2,579,281</u>	<u>\$ 2,411,648</u>

CITY OF CORSICANA, TEXAS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND - EMERGENCY MEDICAL SERVICES
Year Ended September 30, 2010

	Final Amended Budget	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
Operating revenues:					
Service charges and rents	\$ 1,722,000	\$ 3,038,974	\$ 350,000	\$ 2,688,974	\$ 966,974
Service charges and rents - intergovernmental	350,000	-	(350,000)	350,000	-
Other	65,000	38,236	-	38,236	(26,764)
Total operating revenues	<u>2,137,000</u>	<u>3,077,210</u>	<u>-</u>	<u>3,077,210</u>	<u>940,210</u>
Operating expenses:					
EMS service	1,941,097	1,780,346	683	1,779,663	(161,434)
Non-departmental	54,259	10,036	-	10,036	(44,223)
Depreciation	130,000	112,726	-	112,726	(17,274)
Total operating expenses	<u>2,125,356</u>	<u>1,903,108</u>	<u>683</u>	<u>1,902,425</u>	<u>(222,931)</u>
Operating income	11,644	1,174,102	(683)	1,174,785	1,163,141
Nonoperating revenue (expenses):					
Investment earnings	2,250	952	-	952	(1,298)
Interest and fiscal charges	(13,144)	(56)	13,086	(13,142)	2
Total nonoperating revenue (expenses)	<u>(10,894)</u>	<u>896</u>	<u>13,086</u>	<u>(12,190)</u>	<u>(1,296)</u>
Income before contributions	750	1,174,998	12,403	1,162,595	1,161,845
Capital contributions	-	10,414	-	10,414	10,414
Change in net assets	750	1,185,412	12,403	1,173,009	1,172,259
Total net assets - beginning	1,489,625	1,576,219	-	1,576,219	86,594
Total net assets - ending	<u>\$ 1,490,375</u>	<u>\$ 2,761,631</u>	<u>\$ 12,403</u>	<u>\$ 2,749,228</u>	<u>\$ 1,258,853</u>

Statistical Section (unaudited)

CITY OF CORSICANA, TEXAS
TOP TEN TAXPAYERS
September 30, 2010
(UNAUDITED)

Name of Taxpayer	Nature of Property	2010/11 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Home Depot	Retail	\$ 48,782,080	3.99%
Russell Stover Candies	Manufacturing	47,100,690	3.85%
Guardian Industries	Manufacturing	44,872,735	3.67%
True Value Co.	Retail	32,697,650	2.68%
Corsicana Technologies, Inc.	Manufacturing	25,664,420	2.10%
Navarro Regional Hospital, Inc.	Hospital	19,017,780	1.56%
National Industrial Portfolio Borrowers	Investment	17,903,962	1.46%
Walmart	Retail	15,762,850	1.29%
Pactiv-Foam	Manufacturing	14,428,400	1.18%
Oncor Electric Delivery Co.	Electric Utility	<u>11,679,120</u>	<u>0.96%</u>
		<u><u>\$ 277,909,687</u></u>	<u><u>22.74%</u></u>

CITY OF CORSICANA, TEXAS
MISCELLANEOUS STATISTICAL FACTS
For the Year Ended September 30, 2010
(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	298
Estimated Cost	\$ 34,153,029
Fire Protection and EMS:	
Number of Fire Stations	4
Number of Employees	56
Police Personnel	58
Recreation:	
Parks	13 with 374.43 acres
Playgrounds	11
Number of Swimming Pools	2
Municipal Water Plant:	
Number of Meters in Service	8,841
Average Daily Consumption	6.066 mgd.
Maximum Daily Capacity of Water Production	24.25 mgd.
Number of Gallons Registered Through Master Meter	2,589,009,000 gal.
Number of Gallons Sold	2,214,248,000 gal.
Number of Fire Hydrants	893
Municipal Employees	
Full-time	231
Part-time	53
Tax Rate	0.6272

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
2010	23,770

CITY OF CORSICANA, TEXAS
PRINCIPAL EMPLOYERS
September 30, 2010
(UNAUDITED)

<u>Taxpayer's Name</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Corsicana I.S.D.	Government/Education	811
Russell Stover Candies	Manufacturing - Candy	680
Navarro Regional Hospital	Hospital/Medical Care	354
Navarro College	Higher Education	321
Guardian Industries	Manufacturing - Glass	318
Texas Youth Commission	Government/State Home	299
Navarro County	Government/County	284
City of Corsicana (includes part time)	Government/Local	284
Corsicana Bedding	Manufacturing - Furniture Components	257
Kohl's Call Center	Retail/Call Center	216