

City of Corsicana, Texas



*Comprehensive Annual Financial Report
for the Fiscal Year Ended
September 30, 2013*

CITY OF CORSICANA, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2013

Issued By

Connie Standridge, City Manager

Virginia (Ginger) Richardson, CPA, CGFO, Director of Finance

INTRODUCTORY SECTION

CITY OF CORSICANA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2013

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	II-V
Transmittal Letter	VI-IX
City Officials	X
Organizational Chart	XI
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis (unaudited)	4-11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	17-18

CITY OF CORSICANA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2013

TABLE OF CONTENTS (continued)

	PAGE
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Notes to the Financial Statements	22-51
Combining and Individual Fund Statements and Schedules:	52-75
Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	57
Combining Balance Sheet – Nonmajor Special Revenue Funds	58-62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	63-67
Combining Balance Sheet – Nonmajor Capital Projects Funds	68-69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	70-71
Schedule of Revenues and Expenses – Budget and Actual – Enterprise Fund – Utility Operations	73
Schedule of Revenues and Expenses – Budget and Actual – Enterprise Fund – Sanitation	74
Schedule of Revenues and Expenses – Budget and Actual – Enterprise Fund – Emergency Medical Services	75

CITY OF CORSICANA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2013

TABLE OF CONTENTS (continued)

	<u>PAGE</u>
<u>STATISTICAL SECTION (Unaudited)</u>	76-98
Net Position by Component	77
Changes in Net Position	78-79
Fund Balances of Governmental Funds	80
Changes in Fund Balances of Governmental Funds	81
Assessed Value and Estimated Actual Value of Taxable Property	82
Property Tax Rates – Direct and Overlapping Governments	83
Principal Property Taxpayers	84
Property Tax Levies and Collections	85
Ratios of Outstanding Debt by Type	86
Ratios of General Bonded Debt Outstanding	87
Direct and Overlapping Governmental Activities Debt	88
Legal Debt Margin Information	89
Pledged-Revenue Coverage	90
Demographic and Economic Statistics	91
Principal Employers	92
Full-Time Equivalent City Government Employees by Function	93
Operating Indicators by Function	94
Capital Asset Statistics by Function	95
Schedule of Insurance in Force	96-98

CITY OF CORSICANA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2013

TABLE OF CONTENTS (continued)

	<u>PAGE</u>
<u>SINGLE AUDIT SECTION</u>	99-107
Schedule of Expenditures of Federal Awards	100
Notes to Schedule of Expenditures of Federal Awards	101
Summary Schedule of Prior Audit Findings	102
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	103-104
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	105-106
Schedule of Findings and Questioned Costs	107



March 27, 2014

To the Honorable Mayor, Members of the City Council and Citizens of the City of Corsicana:

State and Federal regulations require that local governments publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) for the City of Corsicana (City) is published to fulfill those requirements for the fiscal year ended September 30, 2013. Fiscal year 2013 is the first year that the City has produced a CAFR, rather than an Annual Financial Report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Yeldell, Wilson & Co., P.C., Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Corsicana’s financial statements for the year ended September 30, 2013. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City of Corsicana

The City of Corsicana, incorporated in 1848, is located in north central Texas, 50 miles southeast of Dallas. It currently occupies 23.28 square miles and serves an estimated population of 24,500. The City of Corsicana is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Corsicana is a Home Rule City that has operated under the City Manager/City Council form of government since the Charter was adopted 1917. The Charter was last amended by election in 2007. Policy-making and legislative authority are vested in the City Council (Council) consisting of the Mayor, who is elected at –large, and four other members, all of whom are elected by Precinct. Council members serve two-year terms, with two members

elected every year. The Mayor is also elected for a two-year term. The Council appoints the City of Corsicana's manager, who in turn appoints its department heads.

The City of Corsicana provides a full range of services, including public safety (police and fire protection); water and wastewater services; sanitation services; emergency medical services, planning and zoning; inspection services; licenses and permits; the construction and maintenance of streets and other infrastructure; municipal court services; library services; and recreational and cultural activities.

The Council is required to adopt an initial budget for the fiscal year during September of each year for the new budget year, beginning on October 1. This annual budget serves as the foundation for the City of Corsicana's financial planning and control. The budget is prepared by fund and department. The City Manager is authorized by ordinance to make intra-departmental and inter-departmental fund transfers within a fund as becomes necessary in order to avoid over-expenditure of a particular account or department.

Local economy

The City of Corsicana is close enough to the Dallas-Fort Worth Metroplex to take advantage of its extensive resources, while being just far enough away to also enjoy lower business operating and living costs. Corsicana is a community where you can grow a business, pursue a meaningful career, and raise a family all at the same time. Corsicana is home to a world renowned bakery, known best for its fruitcake. Corsicana is also the birthplace of the Texas oil industry and a world famous chili company. Corsicana is home to over 60 industries, including information technology, manufacturers, processors, and distribution centers. Our industrial partners include a Global Top 60 Company and several Fortune 500 Companies call Corsicana their home. These manufacturing facilities produce and distribute glass, consumer and food service packaging, bedding and furniture, roofing products, plastics, rubber, chemicals, iron castings, pecans, candies, baked goods and other foods. Also located within the government's boundaries or in close proximity include a college, a hospital and new cancer treatment center, numerous retail stores and restaurants, and several financial institutions and insurance companies. The college, school district, and City of Corsicana also have a significant economic presence, employing in total more than 1,600 teachers, professionals, and support staff.

Prior to the recession in 2008, unemployment had been relatively stable in Corsicana. During the past ten years, the unemployment rate rose from 5.9 percent (2005) to a decade high of 8.5 percent (2011). The current unemployment rate of 6.8 percent (2013) is consistent with the overall improvement to local, state and national economy. Based on economic forecasts, this improvement in the local unemployment rate is anticipated to continue in calendar year 2014.

Due to its strong and healthy local economy, the City of Corsicana has a tax bond credit rating of A1 from Moody's Investor Service and A+ from Standard & Poor's. Revenue bond ratings for the City are A2 from Moody's Investor Service and A from Standard & Poor's.

The City of Corsicana is experiencing a period of significant economic growth and investment. Phase 1 of a new water and adventure park is expected to be completed and open for business in the spring of 2015. This economic development project will be facilitated, in part, by a Texas Capital Fund grant. Another Texas Capital Fund grant project enabled one of Corsicana's largest manufacturing facilities to recently complete a major expansion, adding 250 jobs to the community. New development and re-development throughout the downtown and surrounding areas, including a new state-of-the-art cancer treatment center, has allowed Corsicana to become a hub for the dining, entertainment, and medical needs of the north central Texas region. This development, combined with the presence of retail and service industries, the presence of recreational, educational and health facilities has even further strengthened the City of Corsicana's already strong economic base. Thanks to the diversity of its commercial base, the City of Corsicana expects a full recovery in all sectors of its local economy as the national economy improves.

Long-term financial planning and major initiatives

By charter, the City of Corsicana maintains a Capital Improvement Plan which serves to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This plan is prepared and budgeted in conjunction with the operating budget, and gives the City of Corsicana the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. Major capital improvements will normally be funded through the issuance of long-term debt, as opposed to being funded via appropriations in the operating budget.

Relevant financial policies

The City of Corsicana has adopted a comprehensive financial policy, which was reviewed and revised during fiscal year 2013. During the current year, one of these policies was particularly relevant. Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 27.6 percent of total general fund operating budget for fiscal year 2013. This amount was above the minimum fund balance policy guideline set by the Council for budgetary and planning purposes (i.e., 25 percent of general fund operating budget). This is particularly impressive, because in 2003 the City began aggressively pursuing this goal, after the general fund's fund balance had reached an all-time low of just over \$50,000.

Awards and Acknowledgements

As stated earlier, this is the first comprehensive annual financial report (CAFR) for the City of Corsicana. The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for

comprehensive annual financial reports that are easily readable and efficiently organized, and that satisfy both generally accepted accounting principles and applicable program requirements.

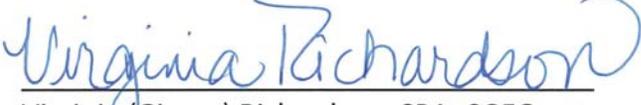
A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. It is believed that this CAFR will qualify for the award, and as such, is being submitted to the GFOA for review.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration departments. We wish to thank all City departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Corsicana's finances.

Respectfully submitted,



Connie Standridge
City Manager



Virginia (Ginger) Richardson, CPA, CGFO
Director of Finance

CITY OF CORSICANA, TEXAS
CITY OFFICIALS
September 30, 2013

Mayor

Chuck McClanahan

Council Member, Precinct 1

Tom Wilson

Mayor Pro Tem, Precinct 2

Ruby Williams

Council Member, Precinct 3

John E. McClung

Council Member, Precinct 4

Don Denbow

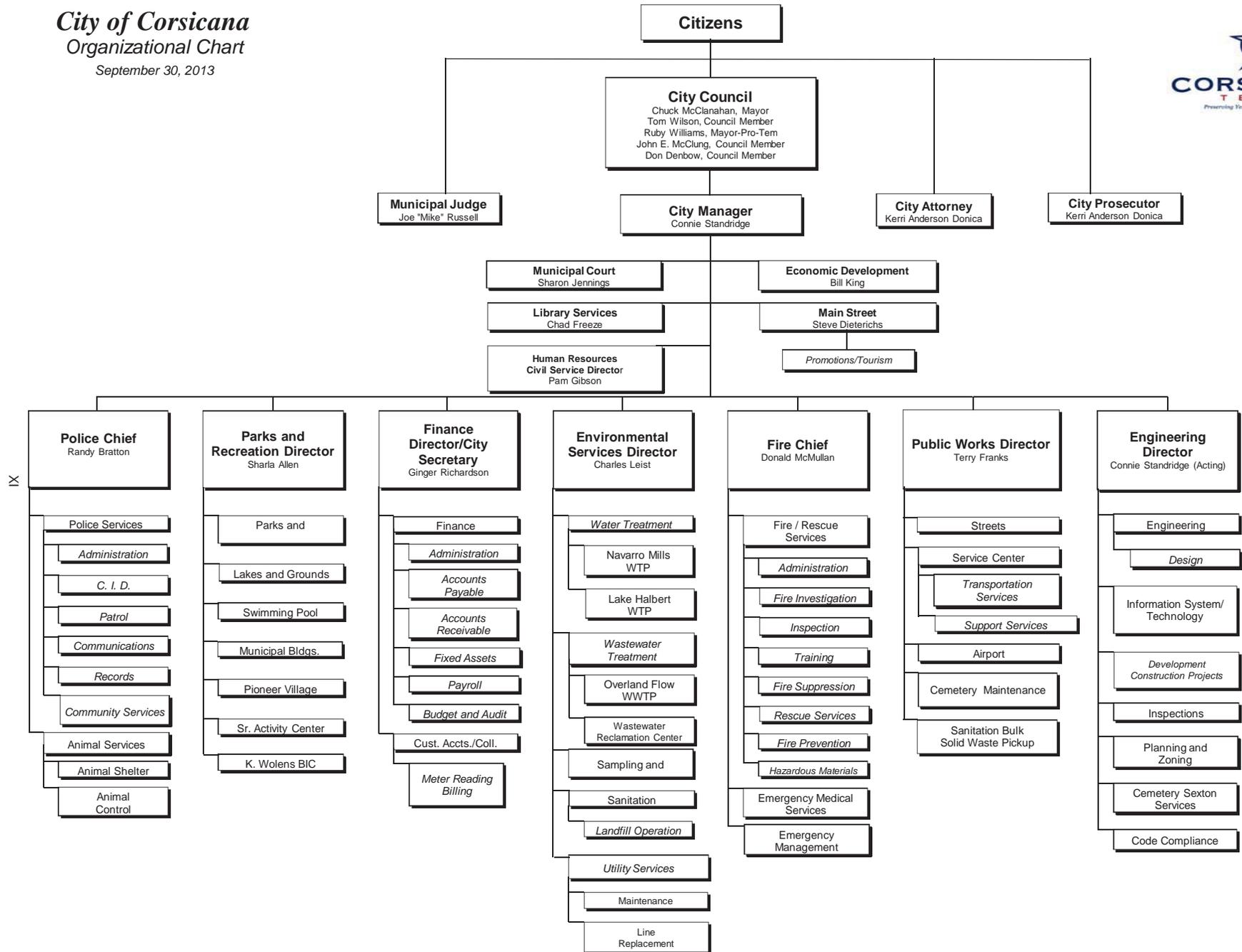
City Attorney

Kerri Anderson Donica

Municipal Court Judge

Joe "Mike" Russell

City of Corsicana
Organizational Chart
 September 30, 2013



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 (E) to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corsicana, Texas' basic financial statements. The introductory section, 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Corsicana, Texas' internal control over financial reporting and compliance.



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

March 27, 2014

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, 2013.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$74,100,579 (net position). Of this amount, \$2,253,824 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,623,010.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,551,918. Over 35% of this total amount, \$4,064,651 is unassigned and available for use within the City's designation and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,692,009 or 30% of the total current year 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 Position presents information on all of the City's assets, deferred outflows of resources, and liabilities, with the difference between the three reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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, cultural and recreational and building and vehicle maintenance. 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 12-13 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 forty-four 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 a major fund. Data from the other forty-three 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 14-18 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 19-21 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 22-51 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 52-75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$74,100,579 as of September 30, 2013.

A large portion of the City's net position (86%) 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 POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 13,902,385	\$ 10,111,173	\$ 10,083,697	\$ 10,487,979	\$ 23,986,082	\$ 20,599,152
Capital assets	56,192,521	54,902,102	60,336,935	59,826,832	116,529,456	114,728,934
Total assets	70,094,906	65,013,275	70,420,632	70,314,811	140,515,538	135,328,086
Deferred outflows of resources	21,690	24,806	672,090	744,227	693,780	769,033
Long term liabilities	21,826,257	18,265,714	41,854,446	44,876,476	63,680,703	63,142,190
Other liabilities	1,451,759	1,522,245	1,976,277	1,955,115	3,428,036	3,477,360
Total liabilities	23,278,016	19,787,959	43,830,723	46,831,591	67,108,739	66,619,550
Net position:						
Net investment in capital assets	40,990,194	38,581,238	23,022,166	20,052,855	64,012,360	58,634,093
Restricted	6,187,752	6,161,057	1,646,643	1,625,875	7,834,395	7,786,932
Unrestricted	(339,366)	507,827	2,593,190	2,548,717	2,253,824	3,056,544
Total net position	\$ 46,838,580	\$ 45,250,122	\$ 27,261,999	\$ 24,227,447	\$ 74,100,579	\$ 69,477,569

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 position (11.34%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$2,253,824 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 net position 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, 2013. Governmental activities increased the City's net position by \$1,588,458. Business-type activities increased the City's net position by \$3,034,552.

CITY OF CORSICANA'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,496,774	\$ 1,384,041	\$ 20,124,867	\$ 19,642,913	\$ 21,621,641	\$ 21,026,954
Operating grants and contributions	1,770,791	820,299	11,083	8,983	1,781,874	829,282
Capital grants and contributions	749,503	528,122	35,531	58,560	785,034	586,682
General revenues:						
Property tax	8,173,945	7,828,414	-	-	8,173,945	7,828,414
Sales tax	5,789,582	5,522,784	-	-	5,789,582	5,522,784
Franchise tax	1,971,939	2,085,066	-	-	1,971,939	2,085,066
Hotel occupancy tax	399,656	396,481	-	-	399,656	396,481
Alcoholic beverage tax	33,885	31,811	-	-	33,885	31,811
Investment earnings	18,019	21,873	12,336	19,339	30,355	41,212
Gain (loss) on sale of capital assets	(113,028)	17,632	-	-	(113,028)	17,632
Miscellaneous	229,050	310,857	6,073	40,784	235,123	351,641
Total revenues	<u>20,520,116</u>	<u>18,947,380</u>	<u>20,189,890</u>	<u>19,770,579</u>	<u>40,710,006</u>	<u>38,717,959</u>
Expenses:						
General government	3,428,726	3,492,349	-	-	3,428,726	3,492,349
Judicial	439,868	430,353	-	-	439,868	430,353
Public safety	8,137,238	8,123,848	-	-	8,137,238	8,123,848
Community support services	1,679,358	663,869	-	-	1,679,358	663,869
Public works	3,201,281	4,084,541	-	-	3,201,281	4,084,541
Cultural and recreational	1,953,716	2,067,844	-	-	1,953,716	2,067,844
Building and vehicle maintenance	574,845	638,517	-	-	574,845	638,517
Interest on long-term debt	776,903	656,771	-	-	776,903	656,771
Utility operations	-	-	10,949,139	13,505,072	10,949,139	13,505,072
Sanitation	-	-	2,610,537	3,085,667	2,610,537	3,085,667
Emergency medical services	-	-	2,335,385	2,188,651	2,335,385	2,188,651
Total expenses	<u>20,191,935</u>	<u>20,158,092</u>	<u>15,895,061</u>	<u>18,779,390</u>	<u>36,086,996</u>	<u>38,937,482</u>
Change in net position before transfers	328,181	(1,210,712)	4,294,829	991,189	4,623,010	(219,523)
Transfers	1,260,277	2,351,240	(1,260,277)	(2,351,240)	-	-
Change in net position	1,588,458	1,140,528	3,034,552	(1,360,051)	4,623,010	(219,523)
Net position - beginning, as restated	45,250,122	44,109,594	24,227,447	25,587,498	69,477,569	69,697,092
Net position - ending	<u>\$ 46,838,580</u>	<u>\$ 45,250,122</u>	<u>\$ 27,261,999</u>	<u>\$ 24,227,447</u>	<u>\$ 74,100,579</u>	<u>\$ 69,477,569</u>

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

- Property taxes increased by \$345,531 (4.41%) during the year. The majority of this increase is the product of a tax abatement recovery.
- Sales taxes increased \$266,798 (4.83%) over the prior year, resulting from the continuance of an upswing in the economy.
- Increases in expenses primarily resulted from grant expenditures for Home Program grants which provided affordable housing to low income families.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,551,918. Within this total \$99,449 is in nonspendable form and \$6,187,752 is restricted by specific legal requirements. \$1,200,066 has been assigned by the City for use on specific projects and activities. The remaining \$4,064,651 is unassigned fund balance and can be used for any lawful purpose.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,692,009, while total fund balance reached \$5,925,829. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total current year fund expenditures. Unassigned fund balance represents 30.39% of total general fund expenditures, while total fund balance represents 38.39% of that same amount.

In the General fund, fund balance increased \$1,250,531 during the current fiscal year. Previously delayed purchases and projects began, as revenues came in both higher than the prior year and the conservatively prepared budget.

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 position (deficit) of the Utility Operations, Sanitation and Emergency Medical Services funds at the end of the year amounted to \$3,799,909, \$(1,243,355) and \$36,636, respectively. Net position increased (decreased) in 2013 by \$3,467,594, \$188,175 and \$(621,217), respectively. The City sells water to most surrounding towns in Navarro County and these are the City's top users. The Emergency Medical Services fund's decrease is due to an increase in the cost of sales and services.

General Fund Budgetary Highlights. General fund actual revenues of \$15,916,182 exceeded budgeted revenues of \$15,179,313 by \$736,869. Following are the main components that experienced an increase or decrease of actual revenue compared to budgeted revenue:

- Higher than expected property tax revenues exceeded budgeted revenues by \$260,088.
- Higher than expected sales tax revenues exceeded budgeted revenues by \$206,582.
- Higher than expected other revenues, which included insurance proceeds and various cost reimbursements, exceeded budgeted revenues by \$156,370.

Budgeted general fund budgeted expenditures of \$17,198,053 exceeded actual expenditures of \$15,449,885. This \$1,748,168 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, 2013 amounts to \$116,529,456 (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:

- Infrastructure additions of approximately \$1,242,000.
- Improvements additions of approximately \$1,712,000.
- Machinery and equipment additions of approximately \$1,960,000.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 39,325,686	\$ 37,948,472	\$ 3,628,703	\$ 3,628,703	\$ 42,954,389	\$ 41,577,175
Construction in progress	1,107,173	2,861,678	2,694,786	2,696,573	3,801,959	5,558,251
Buildings	2,716,310	2,129,487	1,257,909	1,266,570	3,974,219	3,396,057
Improvements	-	-	40,734,166	40,042,275	40,734,166	40,042,275
Machinery and equipment	2,594,073	2,114,531	12,021,371	12,192,711	14,615,444	14,307,242
Infrastructure	10,449,279	9,847,934	-	-	10,449,279	9,847,934
Total	\$ 56,192,521	\$ 54,902,102	\$ 60,336,935	\$ 59,826,832	\$ 116,529,456	\$ 114,728,934

Additional information on the City of Corsicana's capital assets can be found in note 3 on pages 33-34 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Corsicana had a total bonded debt outstanding of \$54,580,000. Of this amount, \$42,940,000 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	
	2013	2012	2013	2012	2013	2012
Certificates of obligation	\$ 4,344,715	\$ 4,446,988	\$ 19,645,285	\$ 20,628,012	\$ 23,990,000	\$ 25,075,000
General obligation	12,445,000	9,680,000	6,505,000	8,120,000	18,950,000	17,800,000
Revenue bonds	-	-	11,640,000	12,080,000	11,640,000	12,080,000
Total	\$ 16,789,715	\$ 14,126,988	\$ 37,790,285	\$ 40,828,012	\$ 54,580,000	\$ 54,955,000

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	A

Additional information on the City of Corsicana's long-term debt can be found in note 3 on pages 36-40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2014 Budget, General Fund revenues and transfers in are budgeted to decrease by 1.3% from the 2013 budget year with general property taxes making up about 33.4% of general fund budgeted revenues. Certified assessed taxable valuations decreased from the preceding year and property tax revenues were budgeted to be less than the prior year's budget because the loss of two major businesses. While the loss of the property tax revenues will be felt during the 2014 budget year, several new businesses have opened, expanded, or are under construction. These new businesses should allow the City's tax base to recover quickly. The City's budgets for all funds continue to be impacted positively by growth in the economy. Knowing that, the City's revenue budget for 2014 is still conservative, but is less conservative than those from the past couple of years. Statewide sales tax receipts, including the City's, continue to show improvement over prior years. The sales tax revenue source is the most volatile City revenue and is subject to decline if the local economy fails to maintain growth. The 2014 budget also includes a 3% across-the-board raise for employees. This is the first across-the-board raise since April 2011.

As the economy continues to improve, the City again became able to replace aging equipment and vehicles, using capital lease/purchase financing. The 2014 budget continues with this strategy for equipment and vehicle replacement, but also includes purchase for some of these items with cash.

Water and wastewater revenues continue to improve, as expected, as a result of a rate increase implemented in 2009. A shift in the rate structure was implemented in Fiscal Year 2013, to ensure that wastewater revenues cover wastewater expenses. A \$0.20 rate increase for the first 10,000 gallons of both water and wastewater was implemented for budget year 2014. The Fund continues to improve, and several improvement projects that would have been delayed or financed were able to be funded with cash.

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 POSITION
September 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,591,543	\$ 3,890,932	\$ 13,482,475
Receivables (net of allowance for uncollectibles)	2,595,927	4,054,596	6,650,523
Due from other governments	486,865	703	487,568
Internal balances	1,128,601	(1,128,601)	-
Inventories	88,024	3,126	91,150
Prepaid items	11,425	171,296	182,721
Restricted assets:			
Cash and cash equivalents	-	2,822,991	2,822,991
Investments	-	268,654	268,654
Capital assets:			
Non-depreciable	40,432,859	6,323,489	46,756,348
Depreciable (net of accumulated depreciation)	15,759,662	54,013,446	69,773,108
Total assets	<u>70,094,906</u>	<u>70,420,632</u>	<u>140,515,538</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	21,690	672,090	693,780
Total deferred outflows of resources	<u>21,690</u>	<u>672,090</u>	<u>693,780</u>
LIABILITIES			
Accounts payable and other current liabilities	879,557	856,843	1,736,400
Accrued payroll payable	452,792	260,903	713,695
Accrued interest payable	119,410	183,554	302,964
Customer deposits payable	-	563,410	563,410
Unearned revenue	-	25,296	25,296
Liabilities payable from restricted assets	-	86,271	86,271
Noncurrent liabilities:			
Due within one year	1,829,575	3,614,056	5,443,631
Due in more than one year	19,996,682	38,240,390	58,237,072
Total liabilities	<u>23,278,016</u>	<u>43,830,723</u>	<u>67,108,739</u>
NET POSITION			
Net investment in capital assets	40,990,194	23,022,166	64,012,360
Restricted for:			
General government	289,942	-	289,942
Public safety	311,449	-	311,449
Community support services	58,024	-	58,024
Public works	413,538	-	413,538
Cultural and recreational	734,775	-	734,775
Debt service	112,985	1,646,643	1,759,628
Capital projects	4,267,039	-	4,267,039
Unrestricted	(339,366)	2,593,190	2,253,824
Total net position	<u>\$ 46,838,580</u>	<u>\$ 27,261,999</u>	<u>\$ 74,100,579</u>

See accompanying notes to financial statements.

CITY OF CORSICANA, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2013

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,428,726	\$ 193,017	\$ 234,172	\$ -	\$ (3,001,537)	\$ -	\$ (3,001,537)
Judicial	439,868	-	-	-	(439,868)	-	(439,868)
Public safety	8,137,238	620,291	242,512	-	(7,274,435)	-	(7,274,435)
Community support services	1,679,358	252,413	1,183,058	310,750	66,863	-	66,863
Public works	3,201,281	395,133	210	55,280	(2,750,658)	-	(2,750,658)
Cultural and recreational	1,953,716	35,920	110,839	383,473	(1,423,484)	-	(1,423,484)
Building and vehicle maintenance	574,845	-	-	-	(574,845)	-	(574,845)
Interest on long-term debt	776,903	-	-	-	(776,903)	-	(776,903)
Total governmental activities	<u>20,191,935</u>	<u>1,496,774</u>	<u>1,770,791</u>	<u>749,503</u>	<u>(16,174,867)</u>	<u>-</u>	<u>(16,174,867)</u>
Business-type activities:							
Utility operations	10,949,139	14,703,547	-	35,531	-	3,789,939	3,789,939
Sanitation	2,610,537	3,358,419	-	-	-	747,882	747,882
Emergency medical services	2,335,385	2,062,901	11,083	-	-	(261,401)	(261,401)
Total business-type activities	<u>15,895,061</u>	<u>20,124,867</u>	<u>11,083</u>	<u>35,531</u>	<u>-</u>	<u>4,276,420</u>	<u>4,276,420</u>
Total primary government	<u>\$ 36,086,996</u>	<u>\$ 21,621,641</u>	<u>\$ 1,781,874</u>	<u>\$ 785,034</u>	<u>(16,174,867)</u>	<u>4,276,420</u>	<u>(11,898,447)</u>
General revenues:							
Property taxes					8,173,945	-	8,173,945
Sales taxes					5,789,582	-	5,789,582
Franchise taxes					1,971,939	-	1,971,939
Hotel occupancy taxes					399,656	-	399,656
Alcoholic beverage taxes					33,885	-	33,885
Investment earnings					18,019	12,336	30,355
Gain (loss) on sale of capital asset					(113,028)	6,073	(106,955)
Miscellaneous					229,050	-	229,050
Transfers					1,260,277	(1,260,277)	-
Total general revenues and transfers					<u>17,763,325</u>	<u>(1,241,868)</u>	<u>16,521,457</u>
Change in net position					1,588,458	3,034,552	4,623,010
Net position - beginning, as restated					<u>45,250,122</u>	<u>24,227,447</u>	<u>69,477,569</u>
Net position - ending					<u>\$ 46,838,580</u>	<u>\$ 27,261,999</u>	<u>\$ 74,100,579</u>

See accompanying notes to financial statements.

CITY OF CORSICANA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$3,118,161	\$ 6,473,382	\$ 9,591,543
Receivables (net of allowance for uncollectibles)	2,338,535	257,392	2,595,927
Due from other governments	32,691	454,174	486,865
Due from other funds	1,834,999	-	1,834,999
Inventory	44,147	43,877	88,024
Prepaid items	11,425	-	11,425
Total assets	\$7,379,958	\$ 7,228,825	\$ 14,608,783
LIABILITIES			
Accounts payable and other current liabilities	\$ 203,235	\$ 676,322	\$ 879,557
Accrued payroll payable	447,387	5,405	452,792
Due to other funds	-	706,398	706,398
Total liabilities	650,622	1,388,125	2,038,747
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property tax	289,558	69,469	359,027
Unavailable revenue-hotel occupancy tax	-	53,080	53,080
Unavailable revenue-court fines	462,764	-	462,764
Unavailable revenue-grants	-	92,062	92,062
Unavailable revenue-other	51,185	-	51,185
Total deferred inflows of resources	803,507	214,611	1,018,118
FUND BALANCES			
Nonspendable:			
Inventory	44,147	43,877	88,024
Prepaid items	11,425	-	11,425
Restricted:			
General Government	-	289,942	289,942
Public Safety	-	311,449	311,449
Community support services	-	58,024	58,024
Public works	-	413,538	413,538
Cultural and recreational	-	734,775	734,775
Debt service	-	112,985	112,985
Capital projects	-	4,267,039	4,267,039
Assigned:			
General Government	399,963	18,272	418,235
Public works	771,682	-	771,682
Cultural and recreational	6,603	3,546	10,149
Unassigned	4,692,009	(627,358)	4,064,651
Total fund balances	5,925,829	5,626,089	11,551,918
Total liabilities, deferred inflows of resources and fund balances	\$7,379,958	\$ 7,228,825	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		56,192,521
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,018,118
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.		(119,410)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Deferred amount on refunding	\$ 21,690	
Due within one year	(1,829,575)	
Due in more than one year	(19,996,682)	(21,804,567)
Net position of governmental activities		\$ 46,838,580

CITY OF CORSICANA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 6,596,644	\$ 1,625,906	\$ 8,222,550
Sales	5,789,582	-	5,789,582
Franchise	1,971,939	-	1,971,939
Hotel occupancy	-	404,973	404,973
Alcoholic beverage	33,885	-	33,885
Licenses and permits	225,117	-	225,117
Fines and forfeitures	460,063	170,104	630,167
Charges for current services	153,242	358,666	511,908
Revenues from use of money and property	7,922	10,092	18,014
Other revenue	318,624	81,619	400,243
Intergovernmental	290,274	1,691,283	1,981,557
Contributions and donations	68,890	454,156	523,046
Total revenues	<u>15,916,182</u>	<u>4,796,799</u>	<u>20,712,981</u>
EXPENDITURES			
Current:			
General government	1,460,209	1,782,480	3,242,689
Judicial	421,558	1,427	422,985
Public safety	7,735,931	118,622	7,854,553
Community support services	395,841	1,287,921	1,683,762
Public works	2,901,493	115,980	3,017,473
Cultural and recreational	1,866,822	576,410	2,443,232
Building and vehicle maintenance	503,443	2,700	506,143
Capital outlay:			
General government	-	7,172	7,172
Community support services	-	20,715	20,715
Public works	-	1,245,629	1,245,629
Cultural and recreational	-	19,223	19,223
Building and vehicle maintenance	-	185,966	185,966
Debt service:			
Principal retirement	157,849	1,163,684	1,321,533
Interest and fiscal charges	6,739	593,346	600,085
Bond issuance costs	-	117,560	117,560
Total expenditures	<u>15,449,885</u>	<u>7,238,835</u>	<u>22,688,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>466,297</u>	<u>(2,442,036)</u>	<u>(1,975,739)</u>
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued	-	3,400,000	3,400,000
Premium on bonds issued	-	219,168	219,168
Capital leases	-	1,072,405	1,072,405
Sale of capital assets	27,485	15,900	43,385
Transfers in	2,244,079	1,535,680	3,779,759
Transfers out	<u>(1,487,330)</u>	<u>(1,032,152)</u>	<u>(2,519,482)</u>
Total other financing sources and uses	<u>784,234</u>	<u>5,211,001</u>	<u>5,995,235</u>
Net change in fund balances	1,250,531	2,768,965	4,019,496
Fund balances - beginning	<u>4,675,298</u>	<u>2,857,124</u>	<u>7,532,422</u>
Fund balances - ending	<u>\$ 5,925,829</u>	<u>\$ 5,626,089</u>	<u>\$ 11,551,918</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, 2013

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balance-total governmental funds (page 15)	\$4,019,496
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.	2,814,817
The net effect of various transactions involving capital assets (i.e., asset retirements/disposals).	(226,918)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(1,297,480)
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.	(4,032)
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 position. 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	\$(3,400,000)
Bond premiums/discounts	(219,168)
Capital leases issued	(1,072,405)
Bond principal retirement	737,273
Amortization of bond premiums/discounts	14,653
Note payable retirement	35,185
Amortization of discount on note payable	(18,709)
Line of credit retirement	103,921
Capital leases retirement	<u>445,154</u>
	(3,374,096)
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 position compensated absences are expensed as they are accrued. Change in the compensated absences liability.	(182,415)
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.	(105,712)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, 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>(55,202)</u>
Change in net position of governmental activities (page 13)	<u><u>\$1,588,458</u></u>

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

Year Ended September 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 6,336,556	\$ 6,336,556	\$ 6,596,644	\$ 260,088
Sales	5,583,000	5,583,000	5,789,582	206,582
Franchise	2,005,000	2,005,000	1,971,939	(33,061)
Alcoholic beverage	31,000	31,000	33,885	2,885
Licenses and permits	190,520	190,520	225,117	34,597
Fines and forfeitures	437,000	437,000	460,063	23,063
Charges for current services	154,943	154,943	153,242	(1,701)
Revenues from use of money and property	11,040	11,040	7,922	(3,118)
Other revenue	162,254	162,254	318,624	156,370
Intergovernmental	273,000	268,000	290,274	22,274
Contributions and donations	-	-	68,890	68,890
Total revenues	<u>15,184,313</u>	<u>15,179,313</u>	<u>15,916,182</u>	<u>736,869</u>
EXPENDITURES				
Current:				
General government:				
Administration:				
Mayor and council	29,943	29,943	25,589	(4,354)
Administration	275,544	311,766	259,622	(52,144)
Human resources	81,172	82,051	86,016	3,965
Civil service	81,109	81,109	56,353	(24,756)
Tax	125,400	125,400	133,626	8,226
Finance	579,675	583,946	554,946	(29,000)
Health services	39,000	39,000	39,000	-
Total administration	<u>1,211,843</u>	<u>1,253,215</u>	<u>1,155,152</u>	<u>(98,063)</u>
Non departmental	<u>231,380</u>	<u>231,380</u>	<u>305,057</u>	<u>73,677</u>
Total general government	<u>1,443,223</u>	<u>1,484,595</u>	<u>1,460,209</u>	<u>(24,386)</u>
Judicial:				
Legal	115,693	115,693	123,914	8,221
Municipal court	316,849	319,560	297,644	(21,916)
Total judicial	<u>432,542</u>	<u>435,253</u>	<u>421,558</u>	<u>(13,695)</u>
Public safety:				
Police	4,597,097	4,631,162	4,418,544	(212,618)
Fire	3,210,545	3,231,448	3,045,882	(185,566)
Emergency management	22,300	22,300	12,821	(9,479)
Animal control	111,806	111,806	78,288	(33,518)
Animal shelter	191,729	192,951	180,396	(12,555)
Total public safety	<u>8,133,477</u>	<u>8,189,667</u>	<u>7,735,931</u>	<u>(453,736)</u>

CITY OF CORSICANA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
Year Ended September 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Budget
	Original	Final		
Community support services:				
Inspections	\$ 164,470	\$ 165,692	\$ 142,005	\$ (23,687)
Planning and zoning	76,675	77,285	70,000	(7,285)
Code compliance	138,724	139,946	183,836	43,890
Total community support services	379,869	382,923	395,841	12,918
Public works:				
Information technology	108,679	109,289	101,127	(8,162)
Engineering	581,859	609,911	496,539	(113,372)
Streets	2,739,020	3,363,788	2,303,827	(1,059,961)
Total public works	3,429,558	4,082,988	2,901,493	(1,181,495)
Cultural and recreational:				
Parks and recreation	1,061,633	1,100,739	1,101,561	822
Lakes and grounds	122,420	123,030	124,796	1,766
Senior activity center	82,990	84,408	79,845	(4,563)
Swimming pool	71,611	71,611	79,427	7,816
Library	496,204	500,871	481,193	(19,678)
Total cultural and recreational	1,834,858	1,880,659	1,866,822	(13,837)
Building and vehicle maintenance:				
K. Wolens BIC	35,625	35,625	33,384	(2,241)
Maintenance service center	251,864	253,696	205,610	(48,086)
Municipal buildings	270,411	294,021	264,449	(29,572)
Total building and vehicle maintenance	557,900	583,342	503,443	(79,899)
Debt service:				
Principal retirement	152,573	152,573	157,849	5,276
Interest and fiscal charges	6,053	6,053	6,739	686
Total debt service	158,626	158,626	164,588	5,962
Total expenditures	16,370,053	17,198,053	15,449,885	(1,748,168)
Excess (deficiency) of revenues over (under) expenditures	(1,185,740)	(2,018,740)	466,297	2,485,037
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	30,000	30,000	27,485	(2,515)
Transfers in	2,280,833	2,280,833	2,244,079	(36,754)
Transfers out	(1,117,070)	(1,189,070)	(1,487,330)	(298,260)
Total other financing sources and uses	1,193,763	1,121,763	784,234	(337,529)
Net change in fund balance	8,023	(896,977)	1,250,531	2,147,508
Fund balance - beginning	4,473,483	5,471,091	4,675,298	(795,793)
Fund balance - ending	\$ 4,481,506	\$ 4,574,114	\$ 5,925,829	\$ 1,351,715

See accompanying notes to financial statements.

CITY OF CORSICANA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2013

	Business-type Activities - Enterprise Funds			
	Utility Operations	Sanitation	Emergency Medical Services	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,077,630	\$ 597,841	\$ 215,461	\$ 3,890,932
Restricted assets:				
Cash and cash equivalents	86,271	-	-	86,271
Receivables (net of allowance for uncollectibles)	2,521,626	146,118	1,386,852	4,054,596
Due from other governments	-	703	-	703
Inventory	-	3,126	-	3,126
Prepaid items	171,296	-	-	171,296
Total current assets	<u>5,856,823</u>	<u>747,788</u>	<u>1,602,313</u>	<u>8,206,924</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	2,555,542	181,178	-	2,736,720
Investments	268,654	-	-	268,654
Total restricted assets	<u>2,824,196</u>	<u>181,178</u>	<u>-</u>	<u>3,005,374</u>
Capital assets (net, where applicable of accumulated depreciation)	<u>55,248,204</u>	<u>4,731,386</u>	<u>357,345</u>	<u>60,336,935</u>
Total noncurrent assets	<u>58,072,400</u>	<u>4,912,564</u>	<u>357,345</u>	<u>63,342,309</u>
Total assets	<u>63,929,223</u>	<u>5,660,352</u>	<u>1,959,658</u>	<u>71,549,233</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	672,090	-	-	672,090
Total deferred outflows of resources	<u>672,090</u>	<u>-</u>	<u>-</u>	<u>672,090</u>
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	515,037	189,993	151,813	856,843
Accrued payroll payable	153,078	34,665	73,160	260,903
Due to other funds	-	-	1,128,601	1,128,601
Unearned revenue	-	-	25,296	25,296
Compensated absences	73,171	9,110	37,225	119,506
Customer deposits payable	563,410	-	-	563,410
Bonds payable	3,080,000	20,626	-	3,100,626
Capital lease payable	251,943	141,761	220	393,924
Accrued interest payable	181,841	1,713	-	183,554
Current liabilities payable from restricted assets:				
Accounts payable	81,271	-	-	81,271
Retainage payable	5,000	-	-	5,000
Total current liabilities	<u>4,904,751</u>	<u>397,868</u>	<u>1,416,315</u>	<u>6,718,934</u>
Noncurrent liabilities:				
Compensated absences	292,683	36,438	148,899	478,020
Bonds payable	34,763,568	294,660	-	35,058,228
Capital lease payable	400,343	392,074	395	792,812
Landfill closure liability	-	1,673,152	-	1,673,152
Net pension obligation	191,423	46,072	683	238,178
Total noncurrent liabilities	<u>35,648,017</u>	<u>2,442,396</u>	<u>149,977</u>	<u>38,240,390</u>
Total liabilities	<u>40,552,768</u>	<u>2,840,264</u>	<u>1,566,292</u>	<u>44,959,324</u>
NET POSITION				
Net investment in capital assets	18,783,171	3,882,265	356,730	23,022,166
Restricted for debt service	1,465,465	181,178	-	1,646,643
Unrestricted	3,799,909	(1,243,355)	36,636	2,593,190
Total net position	<u>\$ 24,048,545</u>	<u>\$ 2,820,088</u>	<u>\$ 393,366</u>	<u>\$ 27,261,999</u>

See accompanying notes to financial statements.

CITY OF CORSICANA, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds			Total
	Utility Operations	Sanitation	Emergency Medical Services	
Operating revenues:				
Water revenue	\$ 9,329,372	\$ -	\$ -	\$ 9,329,372
Sewer revenue	4,473,592	-	-	4,473,592
Tap fees	45,910	-	-	45,910
Other charges	854,673	20,460	55,348	930,481
Garbage collection fees	-	1,091,177	-	1,091,177
Landfill	-	2,246,782	-	2,246,782
Emergency medical services	-	-	2,007,553	2,007,553
Total operating revenues	<u>14,703,547</u>	<u>3,358,419</u>	<u>2,062,901</u>	<u>20,124,867</u>
Operating expenses:				
Costs of sales and services	7,104,119	2,289,041	2,173,897	11,567,057
Administration	590,206	15,671	9,372	615,249
Depreciation and amortization	1,762,349	278,424	151,079	2,191,852
Total operating expenses	<u>9,456,674</u>	<u>2,583,136</u>	<u>2,334,348</u>	<u>14,374,158</u>
Operating income (loss)	<u>5,246,873</u>	<u>775,283</u>	<u>(271,447)</u>	<u>5,750,709</u>
Nonoperating revenue (expenses):				
Investment earnings	11,214	727	395	12,336
Gain (loss) on disposal of assets	(10,202)	2,850	13,425	6,073
Interest and fiscal charges	(1,492,465)	(27,401)	(1,037)	(1,520,903)
Total nonoperating revenue (expenses)	<u>(1,491,453)</u>	<u>(23,824)</u>	<u>12,783</u>	<u>(1,502,494)</u>
Income (loss) before contributions and transfers	3,755,420	751,459	(258,664)	4,248,215
Capital contributions	35,531	-	11,083	46,614
Transfer in	1,028,302	-	-	1,028,302
Transfer out	<u>(1,351,659)</u>	<u>(563,284)</u>	<u>(373,636)</u>	<u>(2,288,579)</u>
Change in net position	3,467,594	188,175	(621,217)	3,034,552
Total net position - beginning, as restated	<u>20,580,951</u>	<u>2,631,913</u>	<u>1,014,583</u>	<u>24,227,447</u>
Total net position - ending	<u>\$24,048,545</u>	<u>\$2,820,088</u>	<u>\$ 393,366</u>	<u>\$27,261,999</u>

See accompanying notes to financial statements.

CITY OF CORSICANA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds			Total
	Utility Operations	Sanitation	Emergency Medical Services	
Cash flows from operating activities:				
Receipts from customers and users	\$14,724,479	\$ 3,657,284	\$1,961,576	\$ 20,343,339
Payments to suppliers	(5,330,983)	(1,886,526)	(848,898)	(8,066,407)
Payments to employees	(2,278,017)	(567,179)	(1,236,487)	(4,081,683)
Net cash provided (used) by operating activities	<u>7,115,479</u>	<u>1,203,579</u>	<u>(123,809)</u>	<u>8,195,249</u>
Cash flows from noncapital financing activities:				
Repayment of advances to other funds	-	-	603,123	603,123
Transfers from other funds	1,028,302	-	-	1,028,302
Transfers to other funds	(1,351,659)	(563,284)	(373,636)	(2,288,579)
Net cash provided (used) by noncapital financing activities	<u>(323,357)</u>	<u>(563,284)</u>	<u>229,487</u>	<u>(657,154)</u>
Cash flows from capital and related financing activities:				
Capital contributions	35,531	-	11,083	46,614
Acquisition and construction of capital assets	(2,191,234)	(340,981)	(123,350)	(2,655,565)
Principal paid on bond maturities	(2,995,000)	(42,726)	-	(3,037,726)
Interest paid on bond maturities	(1,531,812)	(23,015)	-	(1,554,827)
Proceeds from capital leases	-	337,275	-	337,275
Principal paid on leased assets	(252,654)	(127,735)	(215)	(380,604)
Interest paid on leased assets	(13,437)	(4,602)	(1,037)	(19,076)
Proceeds from the sale of capital assets	57,518	2,850	13,425	73,793
Net cash provided (used) by capital and related financing activities	<u>(6,891,088)</u>	<u>(198,934)</u>	<u>(100,094)</u>	<u>(7,190,116)</u>
Cash flows from investing activities:				
Interest on investments	11,214	727	395	12,336
Net cash provided by investing activities	<u>11,214</u>	<u>727</u>	<u>395</u>	<u>12,336</u>
Net change in cash and cash equivalents	(87,752)	442,088	5,979	360,315
Cash and cash equivalents at beginning of year	6,075,849	336,931	209,482	6,622,262
Cash and cash equivalents at end of year	<u>\$ 5,988,097</u>	<u>\$ 779,019</u>	<u>\$ 215,461</u>	<u>\$ 6,982,577</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 5,246,873	\$ 775,283	\$ (271,447)	\$ 5,750,709
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,762,349	278,424	151,079	2,191,852
(Increase) decrease in accounts receivable	(1,673)	298,865	(101,325)	195,867
(Increase) decrease in due from other governments	-	(703)	-	(703)
(Increase) decrease in inventory	-	(1,283)	-	(1,283)
(Increase) decrease in prepaid items	(32,407)	-	-	(32,407)
Increase (decrease) in accounts payable and accrued expenses	134,160	(194,026)	98,194	38,328
Increase (decrease) in unearned revenue	(18,000)	-	(310)	(18,310)
Net increase in customer deposits	22,605	-	-	22,605
Increase in landfill closure liability	-	46,631	-	46,631
Increase in net pension obligation	1,572	388	-	1,960
Total adjustments	<u>1,868,606</u>	<u>428,296</u>	<u>147,638</u>	<u>2,444,540</u>
Net cash provided by operating activities	<u>\$ 7,115,479</u>	<u>\$ 1,203,579</u>	<u>\$ (123,809)</u>	<u>\$ 8,195,249</u>
Noncash investing, capital and financing activities:				
Capital assets purchased on account	\$ 86,271	\$ -	\$ -	\$ 86,271

See accompanying notes to financial statements.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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. 61, 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 position and the statement of changes in net position) 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, 2013

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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

D. Assets, liabilities, and net position 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.

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."

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 \$10,000. 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 \$1,551,281. Of this amount, \$58,816 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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 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.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Net Position -

Net position represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the district-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets —This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position —This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position —This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Fund Equity -

The governmental fund financials present fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government’s funds may be spent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

Unassigned fund balance—amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned. Positive balances are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned, in order as needed.

E. New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the City has reviewed for application to their accounting and reporting.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The City has implemented this reporting for the year ended September 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The City has implemented this statement in the year ended September 30, 2013. As a result, prior year "deferred charges" of \$1,270,929 have been expensed as described in the prior period adjustment explained in Note 4 (J). In addition, \$693,780, representing the difference between the reacquisition price and the net carrying amount of the old debt on the current year's refunding, has been reported as "deferred outflows of resources" and will be recognized as a component of interest expense over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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 \$14,566 as of September 30, 2013. The deficit fund balance will be covered by future revenue.

The Tax Increment Financing District special revenue fund had a deficit fund balance of \$521,327 as of September 30, 2013. The deficit fund balance will be covered with the collection of the special assessment within the District.

The TCDP Grant Cinergy Cinemas special revenue fund had a fund balance deficit of \$5,000 as of September 30, 2013. The deficit fund balance will be covered by future revenue.

The Home Preservation Program special revenue fund had a fund balance deficit of \$62,666 as of September 30, 2013. The deficit fund balance will be covered by future revenue.

The 2013 Home Program special revenue fund had a fund balance deficit of \$656 as of September 30, 2013. The deficit fund balance will be covered by future revenue.

The *Pactiv Expansion Texas Capital Fund Grant* special revenue fund had a fund balance deficit of \$23,024 as of September 30, 2013. The deficit fund balance will be covered by future revenue.

The *Corsicana Water and Adventure Park Texas Capital Fund Grant* special revenue fund had a fund balance deficit of \$119 as of September 30, 2013. The deficit fund balance will be covered by future revenue.

C. Compliance with finance related legal and contractual provisions

The City has no material violations of finance related legal or contractual provisions, including the Texas Public Funds Investment Act.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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, 2013. At year end, the bank balance of the City’s deposits was \$16,822,118. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining balance, \$16,072,118 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 \$19,739,000.

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 two years to stated maturity, (3) no-load, SEC registered money market funds, each approved specifically before use by the City, and (4) 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	\$ 33,097	N/A	AAAm
Prime Investment Money Market Fund	268,654	N/A	Aaa
Total	<u>\$ 301,751</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.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and investments (continued)

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.

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	Nonmajor Governmental	Utility Operations	Sanitation	Emergency Medical Services	Total
Receivables:						
Taxes	\$ 1,746,035	\$ 53,174	\$ -	\$ -	\$ -	\$ 1,799,209
Court fines	462,764	-	-	-	-	462,764
Accounts	-	-	2,503,492	193,927	2,802,286	5,499,705
Other	185,227	216,587	159,919	-	6,383	568,116
Gross receivables	<u>2,394,026</u>	<u>269,761</u>	<u>2,663,411</u>	<u>193,927</u>	<u>2,808,669</u>	<u>8,329,794</u>
Less: allowance for uncollectibles	<u>(55,491)</u>	<u>(12,369)</u>	<u>(141,785)</u>	<u>(47,809)</u>	<u>(1,421,817)</u>	<u>(1,679,271)</u>
Net total receivables	<u>\$ 2,338,535</u>	<u>\$ 257,392</u>	<u>\$ 2,521,626</u>	<u>\$ 146,118</u>	<u>\$ 1,386,852</u>	<u>\$ 6,650,523</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

C. Capital assets

Capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,948,472	\$ 1,511,584	\$ (134,370)	\$ 39,325,686
Construction in progress	2,861,678	1,173,469	(2,927,974)	1,107,173
Total capital assets not being depreciated	<u>40,810,150</u>	<u>2,685,053</u>	<u>(3,062,344)</u>	<u>40,432,859</u>
Capital assets being depreciated:				
Buildings	16,513,700	863,709	(5,100)	17,372,309
Machinery and equipment	7,346,822	952,373	(670,476)	7,628,719
Infrastructure	24,219,545	1,241,656	(81,678)	25,379,523
Totals capital assets being depreciated	<u>48,080,067</u>	<u>3,057,738</u>	<u>(757,254)</u>	<u>50,380,551</u>
Less accumulated depreciation for:				
Buildings	(14,384,213)	(275,665)	3,879	(14,655,999)
Machinery and equipment	(5,232,291)	(381,504)	579,149	(5,034,646)
Infrastructure	(14,371,611)	(640,311)	81,678	(14,930,244)
Total accumulated depreciation	<u>(33,988,115)</u>	<u>(1,297,480)</u>	<u>664,706</u>	<u>(34,620,889)</u>
Total capital assets, being depreciated, net	<u>14,091,952</u>	<u>1,760,258</u>	<u>(92,548)</u>	<u>15,759,662</u>
Governmental activities capital assets, net	<u>\$ 54,902,102</u>	<u>\$ 4,445,311</u>	<u>\$ (3,154,892)</u>	<u>\$ 56,192,521</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 3,628,703	\$ -	\$ -	\$ 3,628,703
Construction in progress	2,696,573	1,323,550	(1,325,337)	2,694,786
Total capital assets not being depreciated	<u>6,325,276</u>	<u>1,323,550</u>	<u>(1,325,337)</u>	<u>6,323,489</u>
Capital assets being depreciated:				
Buildings	4,329,653	52,353	-	4,382,006
Improvements	53,567,605	1,711,756	-	55,279,361
Machinery and equipment	25,309,185	1,007,372	(731,407)	25,585,150
Total capital assets being depreciated	<u>83,206,443</u>	<u>2,771,481</u>	<u>(731,407)</u>	<u>85,246,517</u>
Less accumulated depreciation for:				
Buildings	(3,063,083)	(61,014)	-	(3,124,097)
Improvements	(13,525,330)	(1,019,865)	-	(14,545,195)
Machinery and equipment	(13,116,474)	(1,110,973)	663,668	(13,563,779)
Total accumulated depreciation	<u>(29,704,887)</u>	<u>(2,191,852)</u>	<u>663,668</u>	<u>(31,233,071)</u>
Total capital assets being depreciated, net	<u>53,501,556</u>	<u>579,629</u>	<u>(67,739)</u>	<u>54,013,446</u>
Business-type capital assets, net	<u>\$ 59,826,832</u>	<u>\$ 1,903,179</u>	<u>\$ (1,393,076)</u>	<u>\$ 60,336,935</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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	\$ 306,201
Public safety	227,656
Community support services	4,606
Public works	594,681
Cultural and recreational	112,033
Building and vehicle maintenance	52,303
Total depreciation expense - governmental activities	<u>\$ 1,297,480</u>
Business-type activities:	
Utility operations	\$ 1,762,349
Sanitation	278,424
Emergency medical services	151,079
Total depreciation expense - business-type activities	<u>\$ 2,191,852</u>

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

Construction Commitments –

The City has construction projects outstanding as of September 30, 2013. 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	\$ 375,158	\$ 2,398,429
Utility system improvements	2,295,453	383,224
	<u>\$ 2,670,611</u>	<u>\$ 2,781,653</u>

The infrastructure improvements projects are commitments of the City's special revenue and capital project funds. These projects are being funded by certificates of obligation, special revenues, and a grant. The utility system improvements projects are commitments of the City's utility operations enterprise fund. These projects are being funded by certificates of obligation.

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	\$ 706,398
General	Emergency Medical Services	1,128,601
		<u>\$ 1,834,999</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

D. Interfund receivables, payables and transfers (continued)

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	Nonmajor Governmental	Utility Operations	
Transfer out:				
General	\$ -	\$ 1,487,330	\$ -	\$ 1,487,330
Nonmajor Governmental	-	3,850	1,028,302	1,032,152
Utility Operations	1,351,659	-	-	1,351,659
Sanitation	518,784	44,500	-	563,284
Emergency Medical Services	373,636	-	-	373,636
	<u>\$ 2,244,079</u>	<u>\$ 1,535,680</u>	<u>\$ 1,028,302</u>	<u>\$ 4,808,061</u>

Transfers consisted of:

- General Fund to Nonmajor Governmental Funds for subsidy for other programs in the City.
- Nonmajor Governmental Funds to Utility Operations for subsidy of utility projects from GO Bond proceeds (\$1,028,302).
- Utility Operations to General Fund for subsidy for administrative expenditures (\$904,108) and payment in lieu of franchise taxes (\$447,551).
- Sanitation to Nonmajor Governmental Funds to recognize Utility Operations assets purchased with combined lease purchase proceeds (\$44,500).
- Sanitation to General Fund for subsidy for administrative expenditures (\$417,491) and payment in lieu of franchise taxes (\$101,293).
- Emergency Medical Services to General Fund for subsidy for administrative expenditures (\$373,636).

E. Leases

Capital –

The City is currently purchasing equipment under lease purchase agreements. The interest on the leases range from 1.29-5.75%.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 1,359,708	\$ 1,204,213
Less: accumulated depreciation	(121,803)	(180,115)
Total	<u>\$ 1,237,905</u>	<u>\$ 1,024,098</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

E. Lease (continued)

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
2014	\$ 477,287	\$ 30,569	\$ 393,924	\$ 20,575
2015	454,932	21,623	369,459	12,835
2016	342,032	13,719	228,150	6,466
2017	249,231	8,366	98,904	3,408
2018	89,321	4,895	33,849	2,151
2019-2023	141,382	4,634	62,450	2,046
	<u>\$ 1,754,185</u>	<u>\$ 83,806</u>	<u>\$ 1,186,736</u>	<u>\$ 47,481</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	3.25-4.5%	\$ 4,344,715
Business-type activities	0.148-4.25%	19,645,285
Total		<u>\$ 23,990,000</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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
2014	\$ 149,374	\$ 177,478	\$ 1,005,626	\$ 743,685
2015	242,900	169,632	1,052,100	698,418
2016	252,900	159,716	1,092,100	656,345
2017	254,374	149,497	930,626	621,874
2018	264,374	138,974	1,165,626	585,418
2019-2023	1,494,189	520,302	6,500,811	2,234,706
2024-2028	1,686,604	162,114	6,743,396	837,874
2029-2031	-	-	1,155,000	60,175
	<u>\$ 4,344,715</u>	<u>\$ 1,477,713</u>	<u>\$ 19,645,285</u>	<u>\$ 6,438,495</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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities - refunding	2.00-4.00%	\$ 12,445,000
Business-type activities - refunding	2.25-4.00%	6,505,000
Total		<u>\$ 18,950,000</u>

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

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 750,000	\$ 469,852	\$ 985,000	\$ 210,600
2015	690,000	411,204	1,030,000	181,050
2016	715,000	388,624	1,055,000	150,150
2017	745,000	364,818	1,080,000	118,500
2018	685,000	340,233	1,110,000	94,200
2019-2023	3,545,000	1,298,612	1,245,000	75,200
2024-2028	3,600,000	610,158	-	-
2029-2031	1,715,000	123,891	-	-
	<u>\$ 12,445,000</u>	<u>\$ 4,007,392</u>	<u>\$ 6,505,000</u>	<u>\$ 829,700</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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	3.25-4.50%	\$ 11,640,000
Total		\$ 11,640,000

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

Year Ending September 30	Business-type Activities	
	Principal	Interest
2014	\$ 1,110,000	\$ 480,183
2015	1,150,000	436,198
2016	1,190,000	390,628
2017	1,235,000	343,473
2018	1,045,000	293,608
2019-2023	5,035,000	783,019
2024-2025	875,000	59,400
	\$11,640,000	\$ 2,786,509

Note Payable -

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

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.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term debt (continued)

Future note payments are as follows:

Year Ending September 30		
2014	\$	35,185
2015		35,185
2016		35,185
2017		35,185
2018		35,185
2019-2023		175,925
2024-2028		164,197
Total note payments		516,047
Unamortized discount		(150,853)
Present value of note payments	\$	365,194

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 \$515,966 was outstanding as of September 30, 2013. 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
2014	\$ 104,202	\$ 25,798
2015	104,412	20,588
2016	104,590	15,368
2017	104,862	10,138
2018	97,900	4,895
	\$ 515,966	\$ 76,787

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates of obligation	\$ 4,446,988	\$ -	\$ (102,273)	\$ 4,344,715	\$ 149,374
General obligation bonds	9,680,000	3,400,000	(635,000)	12,445,000	750,000
Less deferred amounts:					
For issuance premium	65,385	219,168	(14,653)	269,900	-
Total bonds payable	14,192,373	3,619,168	(751,926)	17,059,615	899,374
Note payable	551,232	-	(35,185)	516,047	35,185
Less discount on note payable	(169,562)	-	18,709	(150,853)	(17,866)
Line of credit	619,887	-	(103,921)	515,966	104,202
Capital leases	1,126,934	1,072,405	(445,154)	1,754,185	477,287
Compensated absences	1,474,550	777,731	(595,316)	1,656,965	331,393
Net pension obligation	470,300	4,032	-	474,332	-
Governmental activity Long-term liabilities	<u>\$ 18,265,714</u>	<u>\$ 5,473,336</u>	<u>\$ (1,912,793)</u>	<u>\$ 21,826,257</u>	<u>\$ 1,829,575</u>
Business-type activities:					
Bonds payable:					
Certificates of obligation	\$ 20,628,012	\$ -	\$ (982,727)	\$ 19,645,285	\$ 1,005,626
General obligation bonds	8,120,000	-	(1,615,000)	6,505,000	985,000
Revenue bonds	12,080,000	-	(440,000)	11,640,000	1,110,000
Less deferred amounts:					
For issuance discount	(81,048)	-	7,113	(73,935)	-
For issuance premium	505,589	-	(63,085)	442,504	-
Total bonds payable	41,252,553	-	(3,093,699)	38,158,854	3,100,626
Landfill closure	1,626,521	46,631	-	1,673,152	-
Capital lease	1,230,065	337,275	(380,604)	1,186,736	393,924
Compensated absences	531,119	388,714	(322,307)	597,526	119,506
Net pension obligation	236,218	1,960	-	238,178	-
Business-type activity Long-term liabilities	<u>\$ 44,876,476</u>	<u>\$ 774,580</u>	<u>\$ (3,796,610)</u>	<u>\$ 41,854,446</u>	<u>\$ 3,614,056</u>

Certificates of obligation, general obligation bonds, note payable, line of credit and capital leases issued for governmental activity purposes are liquidated by the debt service fund. Certificates of obligations, general obligation bonds, 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 and net pension obligations will be liquidated by the General Fund.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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	\$ 1,445,002
Revenue bond debt service account	133,983
Revenue bond reserve account	1,512,660
	<u>\$ 3,091,645</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, 2013 the unreimbursed costs due the Company totaled \$2,129,438.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

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, 2013 totaled \$508,827 by the City and \$169,609 by the County. As of September 30, 2013 the unpaid debt of the City and County associated with the incentive package totaled \$4,577,015.

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 \$500,000 annually, subject to adjustment as required by the Authority to cover actual cost incurred. Actual payments for the year ended September 30, 2013 were \$327,005.

Letter of Credit - The Texas Department of Agriculture requires the City to provide a \$1,250,000 letter of credit to be eligible to participate in the Texas Capital Fund Grant Program. On August 6, 2013 the City Council approved a resolution that authorized the City to enter into a letter of credit for \$1,250,000. As of year-end, there have been no draws against the letter of credit.

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.

D. Related Party

During the year, businesses owned by City employees provided services for the City in the amount of \$185,293.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

E. Texas Municipal Retirement System

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 from 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 2012	Plan Year 2013
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	60/5, 0/20	60/5, 0/20
Updated service credit	50% Repeating, Transfers	50% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI Repeating	50% 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 25-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.

The City contributes to the TMRS Plan at an actuarially determined rate, which for 2013 and 2012 was 14.23% and 13.83%, 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:

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

E. Texas Municipal Retirement System (continued)

Annual Required Contribution (ARC)	\$ 1,238,892
Interest on Net Pension Obligation	49,457
Adjustment to the ARC	(43,452)
Annual Pension Cost (APC)	<u>1,244,897</u>
Contributions Made	<u>(1,238,908)</u>
Increase (decrease) in net pension obligation	5,989
Net Pension Obligation/(Asset), beginning of year	<u>706,521</u>
Net Pension Obligation/(Asset), end of year	<u><u>\$ 712,510</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)
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%	601,884
2011	1,523,582	1,425,796	94%	699,670
2012	1,264,194	1,257,343	99%	706,521
2013	1,244,897	1,238,908	100%	712,510

The required contribution rates for the year ended September 30, 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	12/31/2010	12/31/2011	12/31/2012
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
GASB 25 Equivalent Single Amortization Period	27.0 years; closed period	26.1 years; closed period	25.0 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.0% 1.5%	3.0% 1.5%	3.0% 1.5%

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

E. Texas Municipal Retirement System (continued)

The schedule of funding 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
12/31/2007	\$ 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	27,076,625	63.8%	9,802,217	9,354,262	104.8%
12/31/2010	30,180,484	37,527,268	80.4%	7,346,784	8,560,354	85.8%
12/31/2011	32,387,528	39,522,821	81.9%	7,135,293	8,436,911	84.6%
12/31/2012	34,904,904	41,640,050	83.8%	6,735,146	8,704,058	77.4%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

F. Corsicana Firefighter's Relief and Retirement Fund

Plan Description -

The Board of Trustees of the Corsicana Firefighter's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. Firefighters in the Corsicana Fire Department are covered by the Corsicana Fireman's Relief and Retirement Plan. The current plan was adopted as amended on August 1, 2007. The Plan is a local governmental plan and therefore is not subject to the Employee Retirement Income Security Act of 1974. The Corsicana Firefighter's Relief and Retirement Fund is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The Board is made up of three members elected from and by the Plan members, two representatives of the City of Corsicana, Texas, and two citizen members.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

F. Corsicana Firefighter's Relief and Retirement Fund (continued)

The Corsicana Firefighter's Relief and Retirement Fund issues an annual financial report. This report may be obtained from the Director of Finance, 200 N. 12th Street, Corsicana, Texas 75110.

The Corsicana Firemen's Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits fully vest after 20 years of credited service with partial vesting after 15 years of service. Firefighters may retire at age 50 with 20 years of service. A reduced deferred service retirement benefit is provided for employees who terminate employment with 15 to 19 years of service. A RETRO DROP option is available for retiring firefighters which will provide them with a lump sum benefit and a reduced monthly benefit upon termination of employment. The Plan Effective August 1, 2007 provides a monthly service retirement benefit, payable in a Joint and 75% to surviving spouse form of annuity. The monthly benefit equals 53.0% of highest 60-month average salary plus \$90.00 per month for each year of service in excess of 20 years.

There is no provision for automatic postretirement benefit increases. The fund has the authority to provide, and has periodically in the past provided for, ad hoc postretirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

Membership of the plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	32
Active plan members	58
Total	90

Contributions -

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the city.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the city provides an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL), and the number of years needed to amortize the plan's UAAL is determined using a level percentage of payroll method.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

F. Corsicana Firefighter's Relief and Retirement Fund (continued)

The costs of administering the plan are financed from the fund.

The current funding policy of the Corsicana Firefighter's Relief and Retirement Fund requires contributions of 14% of payroll by the firefighters and contributions by the city of 14% of payroll. The 29-year amortization period in the December 31, 2012 actuarial valuation was based on the assumption that the current funding policy will continue in the future. The annual pension cost and net pension obligation/(asset) are as follows:

Annual Required Contribution (ARC)	\$ 454,905
Interest on Net Pension Obligation	-
Adjustment to the ARC	-
Annual Pension Cost (APC)	<u>454,905</u>
Contributions Made	<u>(454,905)</u>
Increase (decrease) in net pension obligation	-
Net Pension Obligation/(Asset), beginning of year	-
Net Pension Obligation/(Asset), end of year	<u><u>\$ -</u></u>

Six-year trend information is as follows:

Year Ended	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/(Asset)
9/30/2008	\$ 415,805	\$ 415,805	100.00%	\$ -
9/30/2009	417,769	417,769	100.00%	-
9/30/2010	432,092	432,092	100.00%	-
9/30/2011	444,252	444,252	100.00%	-
9/30/2012	458,875	458,875	100.00%	-
9/30/2013	454,905	454,905	100.00%	-

The annual required contributions (ARC) by the city for the fiscal year ending September 30, 2013 are the same as the actual city contributions, based on the results of the actuarial valuations as of December 31, 2010 and as of December 31, 2012 which were determined in compliance with the GASB Statement No. 27 parameters. The actuarial methods and assumptions used for the two most recent valuations are shown below:

Valuation date	12/31/2010	12/31/2012
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of payroll, open	Level percent of payroll, open
Amortization period for ARC	29 years	29 years
Asset valuation method	5-year adjusted market value	5-year adjusted market value

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

F. Corsicana Firefighter's Relief and Retirement Fund (continued)

Actuarial assumptions:		
Investment return	7.50%	7.50%
Inflation	4.00%	4.00%
Projected salary increases		
- general salary increases	4.00%	4.00%
- promotion and longevity increase	0-4.00%	0-4.00%
- total increase	4.00-8.16%	4.00-8.16%
Cost-of-living increases	0.00%	0.00%
Payroll increases	4.00%	4.00%
ARC	Actual contributions	Actual contributions
Fiscal years	2011, 2012 and 2013	2013, 2014 and 2015

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 (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)	Funded Ratio (a/b)	Annual Covered Payroll ^o (c)	UAAL as a Percentage of Covered Payroll {(b-a)/c}
12/31/2002	\$ 2,691,724	\$ 6,547,250	\$ 3,855,526	41.11%	\$ 2,312,206	166.75%
12/31/2004	3,850,850	7,304,064	3,453,214	52.72%	2,501,930	138.02%
12/31/2006	4,634,967	8,987,094	4,352,127	51.57%	2,859,354	152.21%
12/31/2008	4,234,643	11,726,771	7,492,128	36.11%	2,892,502	259.02%
12/31/2010	6,349,644	12,222,782	5,873,138	51.95%	2,880,314	203.91%
12/31/2012	6,956,513	14,524,415	7,567,902	47.90%	3,338,447	226.69%

For the fiscal year ending September 30, 2013, the City of Corsicana's Annual Pension Cost (APC) for the Corsicana Firefighter's Relief and Retirement Fund is \$454,905, an amount equal to the annual required contributions (ARC). Based on the results of the December 31, 2012 actuarial valuation of the Plan Effective August 1, 2007, the most recent actuarial valuation, the board's actuary found that the fund has an adequate contribution arrangement based on the current level of the firefighter and the assumed City of Corsicana contribution rates. The current funding policy of the fund requires the firefighters to contribute 14% of payroll, and the city contributes 14% of payroll.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

G. Postemployment Benefits

Program Description:

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

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 from TMRS' website at www.TMRS.com.

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

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's contributions to the 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
	2007	\$ 24,735	\$ 24,735	0.09%	0.09%
2008	25,648	25,648	0.28%	0.28%	100.0%
2009	22,783	22,783	0.25%	0.25%	100.0%
2010	23,113	23,113	0.27%	0.27%	100.0%
2011	18,562	18,562	0.22%	0.22%	100.0%
2012	19,149	19,149	0.22%	0.22%	100.0%

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

H. 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, in compliance with GASB Statement 18, 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 \$1,673,152 reported to date is based on the use of 23.73 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$7,050,085 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. The landfill has an estimated remaining life of 104 years, with an expected closure date of 2116. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City's current financial policy requires 15% of its estimated landfill closure costs be contributed and maintained in a separate cash or investment account. Due to an increase in the closure and post closure cost estimates, this account is under-funded by \$87,635, having an account balance of \$163,095 at September 30, 2013. 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.

I. Subsequent event

Subsequent to year end, the City entered into construction contracts relating to the rehabilitation of the Beaton Lake dam totaling \$241,282, waterline relocation totaling \$50,000, and improvements totaling \$30,000. The City also entered into various capital lease agreements for the purchase of various vehicles, equipment, and buildings. These leases total \$416,130 and have terms of 3 and 5 years.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

J. Accounting Changes

As a result of implementing GASB statements Nos. 63 and 65 as disclosed in Note 1 (E), the City has restated the beginning net position in the Statement of Net Position in the government-wide financial statements and Statement of Fund Net Position in the fund financial statements. The decrease results from no longer deferring and amortizing bond issuance costs. The change to the beginning net position as of October 1, 2012 is summarized as follows:

	Government-wide Financial Statements
	Governmental Activities
As previously reported, October 1, 2012	\$ 45,549,318
Correct overstatement of deferred charges	(299,196)
Restated, October 1, 2012	\$ 45,250,122
Effect of restatement on net position for the year ending September 30, 2012	\$ 25,623

	Fund Financial Statements		Government-wide Financial Statements
	Utility Operations	Sanitation	Business-type Activities
As previously reported, October 1, 2012	\$ 21,537,239	\$ 2,647,358	\$ 25,199,180
Correct overstatement of deferred charges	(956,288)	(15,445)	(971,733)
Restated, October 1, 2012	\$ 20,580,951	\$ 2,631,913	\$ 24,227,447
Effect of restatement on net position for the year ending September 30, 2012	\$ 80,876	\$ 1,151	\$ 82,027

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 *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* fund 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 *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.

Nonmajor Governmental Funds (continued)

SPECIAL REVENUE FUNDS (continued)

The *Animal Shelter Building Donations* fund was created to account for donated funds to construct a new Animal Shelter.

The TP&W Grant Athletic Complex fund was created to account for grants funds received to construct a new Athletic Complex.

The *Home Preservation Program* fund was created to account 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 *2010 Home Program* fund was created to account 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 *2013 Home Program* fund was created to account 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 *Athletic Complex Donations* fund was created to account for donated funds to construct a new Athletic Complex.

The *Pactiv Expansion Texas Capital Fund Grant* fund was created to account for pass-through grant funds for electricity and road improvements to expand the Pactiv facility and bring 250 jobs to the Corsicana community.

The *Corsicana Water and Adventure Park Texas Capital Fund Grant* fund was created to account for grant funds for water, sewer, and road activities to develop a water park in the Corsicana community.

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.

Nonmajor Governmental Funds (continued)

CAPITAL PROJECTS FUNDS (continued)

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.

The *2011 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.

The *2013 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.

The *2011 5-Year Capital Lease/Purchase* fund was created to separately account for debt proceeds to be used for the purchase of new equipment and to fund various projects to be financed over a five year period.

The *2012 3-Year Capital Lease/Purchase* fund was created to separately account for debt proceeds to be used for the purchase of new equipment and to fund various projects to be financed over a three year period.

The *2012 5-Year Capital Lease/Purchase* fund was created to separately account for debt proceeds to be used for the purchase of new equipment and to fund various projects to be financed over a five year period.

The *2013 3-Year Capital Lease/Purchase* fund was created to separately account for debt proceeds to be used for the purchase of new equipment and to fund various projects to be financed over a three year period.

The *2013 5-Year Capital Lease/Purchase* fund was created to separately account for debt proceeds to be used for the purchase of new equipment and to fund various projects to be financed over a five year period.

CITY OF CORSICANA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,890,078	\$ 112,361	\$ 4,470,943	\$ 6,473,382
Receivables (net of allowance for uncollectibles)	185,691	70,093	1,608	257,392
Due from other governments	454,174	-	-	454,174
Inventory	43,877	-	-	43,877
Total assets	<u>\$ 2,573,820</u>	<u>\$ 182,454</u>	<u>\$ 4,472,551</u>	<u>\$ 7,228,825</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 470,810	\$ -	\$ 205,512	\$ 676,322
Accrued payroll payable	5,405	-	-	5,405
Due to other funds	706,398	-	-	706,398
Total liabilities	<u>1,182,613</u>	<u>-</u>	<u>205,512</u>	<u>1,388,125</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property tax	-	69,469	-	69,469
Unavailable revenue-hotel occupancy tax	53,080	-	-	53,080
Unavailable revenue-grants	92,062	-	-	92,062
Total deferred inflows of resources	<u>145,142</u>	<u>69,469</u>	<u>-</u>	<u>214,611</u>
FUND BALANCES				
Nonspendable:				
Inventory	43,877	-	-	43,877
Restricted:				
General Government	289,942	-	-	289,942
Public Safety	311,449	-	-	311,449
Community support services	58,024	-	-	58,024
Public works	413,538	-	-	413,538
Cultural and recreational	734,775	-	-	734,775
Debt service	-	112,985	-	112,985
Capital projects	-	-	4,267,039	4,267,039
Assigned:				
General Government	18,272	-	-	18,272
Cultural and recreational	3,546	-	-	3,546
Unassigned	(627,358)	-	-	(627,358)
Total fund balances	<u>1,246,065</u>	<u>112,985</u>	<u>4,267,039</u>	<u>5,626,089</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,573,820</u>	<u>\$ 182,454</u>	<u>\$ 4,472,551</u>	<u>\$ 7,228,825</u>

CITY OF CORSICANA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2013

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes:				
Property	\$ -	\$ 1,625,906	\$ -	\$ 1,625,906
Hotel occupancy	404,973	-	-	404,973
Fines and forfeitures	170,104	-	-	170,104
Charges for current services	358,666	-	-	358,666
Revenues from use of money and property	3,798	758	5,536	10,092
Other revenue	81,619	-	-	81,619
Intergovernmental	1,691,283	-	-	1,691,283
Contributions and donations	454,156	-	-	454,156
Total revenues	<u>3,164,599</u>	<u>1,626,664</u>	<u>5,536</u>	<u>4,796,799</u>
EXPENDITURES				
Current:				
General government	1,776,026	-	6,454	1,782,480
Judicial	-	-	1,427	1,427
Public safety	48,414	-	70,208	118,622
Community support services	1,277,246	-	10,675	1,287,921
Public works	101,413	-	14,567	115,980
Cultural and recreational	564,996	-	11,414	576,410
Building and vehicle maintenance	-	-	2,700	2,700
Capital outlay:				
General government	-	-	7,172	7,172
Community support services	-	-	20,715	20,715
Public works	-	-	1,245,629	1,245,629
Cultural and recreational	-	-	19,223	19,223
Building and vehicle maintenance	-	-	185,966	185,966
Debt service:				
Principal retirement	47,467	1,116,217	-	1,163,684
Interest and fiscal charges	116,665	476,681	-	593,346
Bond issuance costs	-	-	117,560	117,560
Total expenditures	<u>3,932,227</u>	<u>1,592,898</u>	<u>1,713,710</u>	<u>7,238,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(767,628)</u>	<u>33,766</u>	<u>(1,708,174)</u>	<u>(2,442,036)</u>
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	-	3,400,000	3,400,000
Premium on bonds issued	-	-	219,168	219,168
Capital leases	-	-	1,072,405	1,072,405
Sale of capital assets	15,900	-	-	15,900
Transfers in	1,468,783	-	66,897	1,535,680
Transfers out	(22,050)	-	(1,010,102)	(1,032,152)
Total other financing sources (uses)	<u>1,462,633</u>	<u>-</u>	<u>3,748,368</u>	<u>5,211,001</u>
Net change in fund balances	695,005	33,766	2,040,194	2,768,965
Fund balances - beginning	551,060	79,219	2,226,845	2,857,124
Fund balances - ending	<u>\$ 1,246,065</u>	<u>\$ 112,985</u>	<u>\$ 4,267,039</u>	<u>\$ 5,626,089</u>

CITY OF CORSICANA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2013

	Hotel/Motel Occupancy Fees	Airport Operating	Cemetery	Forfeitures	Parks/ Recreation	Parks/ Recreation Special Events	Library
ASSETS							
Cash and cash equivalents	\$ 53,066	\$ 6,633	\$ 162,702	\$ 13,203	\$ 39,828	\$ 6,616	\$ 19,457
Receivables (net of allowance for uncollectibles)	156,503	17,536	20	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	43,877	-	-	-	-	-
Total assets	<u>\$ 209,569</u>	<u>\$ 68,046</u>	<u>\$ 162,722</u>	<u>\$ 13,203</u>	<u>\$ 39,828</u>	<u>\$ 6,616</u>	<u>\$ 19,457</u>
LIABILITIES							
Accounts payable and other current liabilities	\$ 54,104	\$ 5,897	\$ 7,491	\$ -	\$ 13,599	\$ 206	\$ -
Accrued payroll payable	4,995	-	404	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>59,099</u>	<u>5,897</u>	<u>7,895</u>	<u>-</u>	<u>13,599</u>	<u>206</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-hotel occupancy tax	53,080	-	-	-	-	-	-
Unavailable revenue-grants	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>53,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable:							
Inventory	-	43,877	-	-	-	-	-
Restricted:							
General Government	97,390	-	154,827	-	-	-	-
Public Safety	-	-	-	13,203	-	-	-
Community support services	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	26,229	6,410	19,457
Assigned:							
General Government	-	18,272	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>97,390</u>	<u>62,149</u>	<u>154,827</u>	<u>13,203</u>	<u>26,229</u>	<u>6,410</u>	<u>19,457</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 209,569</u>	<u>\$ 68,046</u>	<u>\$ 162,722</u>	<u>\$ 13,203</u>	<u>\$ 39,828</u>	<u>\$ 6,616</u>	<u>\$ 19,457</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2013

	Corsicana/ Navarro County Economic Development	Police	Community Support Services	Fire	Palace Theatre	Police LEOSE	Senior Activity Center
ASSETS							
Cash and cash equivalents	\$ 115,268	\$ 25,228	\$ 8,651	\$ 6,771	\$ 2,573	\$ 254	\$ 49,373
Receivables (net of allowance for uncollectibles)	5,000	-	-	-	2,488	-	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Total assets	<u>\$ 120,268</u>	<u>\$ 25,228</u>	<u>\$ 8,651</u>	<u>\$ 6,771</u>	<u>\$ 5,061</u>	<u>\$ 254</u>	<u>\$ 49,373</u>
LIABILITIES							
Accounts payable and other current liabilities	\$ 134,834	\$ -	\$ -	\$ -	\$ 1,515	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>134,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,515</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-hotel occupancy tax	-	-	-	-	-	-	-
Unavailable revenue-grants	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable:							
Inventory	-	-	-	-	-	-	-
Restricted:							
General Government	-	-	-	-	-	-	-
Public Safety	-	25,228	-	6,771	-	254	-
Community support services	-	-	8,651	-	-	-	49,373
Public works	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-	-
Assigned:							
General Government	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	3,546	-	-
Unassigned	(14,566)	-	-	-	-	-	-
Total fund balances	<u>(14,566)</u>	<u>25,228</u>	<u>8,651</u>	<u>6,771</u>	<u>3,546</u>	<u>254</u>	<u>49,373</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 120,268</u>	<u>\$ 25,228</u>	<u>\$ 8,651</u>	<u>\$ 6,771</u>	<u>\$ 5,061</u>	<u>\$ 254</u>	<u>\$ 49,373</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2013

	Tax Increment Financing District	Court Technology	Court Security	Corsicana Crossing	Court Fines - Street Improvement	Court Fines - Judicial	Court Fines - Child Safety
ASSETS							
Cash and cash equivalents	\$ 1,771	\$ 67,090	\$ 120,800	\$ 72,904	\$ 341,122	\$ 38,391	\$ 1,990
Receivables (net of allowance for uncollectibles)	4,144	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Total assets	<u>\$ 5,915</u>	<u>\$ 67,090</u>	<u>\$ 120,800</u>	<u>\$ 72,904</u>	<u>\$ 341,122</u>	<u>\$ 38,391</u>	<u>\$ 1,990</u>
LIABILITIES							
Accounts payable and other current liabilities	\$ 3,108	\$ -	\$ 1,033	\$ -	\$ 488	\$ 700	\$ -
Accrued payroll payable	-	-	6	-	-	-	-
Due to other funds	524,134	-	-	-	-	-	-
Total liabilities	<u>527,242</u>	<u>-</u>	<u>1,039</u>	<u>-</u>	<u>488</u>	<u>700</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-hotel occupancy tax	-	-	-	-	-	-	-
Unavailable revenue-grants	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable:							
Inventory	-	-	-	-	-	-	-
Restricted:							
General Government	-	-	-	-	-	-	-
Public Safety	-	67,090	119,761	-	-	37,691	1,990
Community support services	-	-	-	-	-	-	-
Public works	-	-	-	72,904	340,634	-	-
Cultural and recreational	-	-	-	-	-	-	-
Assigned:							
General Government	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-	-
Unassigned	(521,327)	-	-	-	-	-	-
Total fund balances	<u>(521,327)</u>	<u>67,090</u>	<u>119,761</u>	<u>72,904</u>	<u>340,634</u>	<u>37,691</u>	<u>1,990</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,915</u>	<u>\$ 67,090</u>	<u>\$ 120,800</u>	<u>\$ 72,904</u>	<u>\$ 341,122</u>	<u>\$ 38,391</u>	<u>\$ 1,990</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2013

	GIS Project	TCDP Grant Cinergy Cinemas	Animal Shelter Building Donations	TP&W Grant Athletic Complex	Home Preservation Program	2010 Home Program	2013 Home Program
ASSETS							
Cash and cash equivalents	\$ 37,725	\$ -	\$ 41,242	\$ 171,688	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other governments	-	5,000	-	110,959	297,131	-	-
Inventory	-	-	-	-	-	-	-
Total assets	<u>\$ 37,725</u>	<u>\$ 5,000</u>	<u>\$ 41,242</u>	<u>\$ 282,647</u>	<u>\$ 297,131</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable and other current liabilities	\$ -	\$ -	\$ 1,820	\$ 12,029	\$ 126,918	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-	-
Due to other funds	-	5,000	-	-	170,214	-	656
Total liabilities	<u>-</u>	<u>5,000</u>	<u>1,820</u>	<u>12,029</u>	<u>297,132</u>	<u>-</u>	<u>656</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-hotel occupancy tax	-	-	-	-	-	-	-
Unavailable revenue-grants	-	5,000	-	9,323	62,665	-	-
Total deferred inflows of resources	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>9,323</u>	<u>62,665</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable:							
Inventory	-	-	-	-	-	-	-
Restricted:							
General Government	37,725	-	-	-	-	-	-
Public Safety	-	-	39,422	-	-	-	-
Community support services	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	261,295	-	-	-
Assigned:							
General Government	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-	-
Unassigned	-	(5,000)	-	-	(62,666)	-	(656)
Total fund balances	<u>37,725</u>	<u>(5,000)</u>	<u>39,422</u>	<u>261,295</u>	<u>(62,666)</u>	<u>-</u>	<u>(656)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,725</u>	<u>\$ 5,000</u>	<u>\$ 41,242</u>	<u>\$ 282,647</u>	<u>\$ 297,131</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2013

	Athletic Complex Donations	Pactiv Expansion Texas Capital Fund Grant	Corsicana Water and Adventure Park Texas Capital Fund Grant	Police Seizures	Totals
ASSETS					
Cash and cash equivalents	\$ 421,384	\$ -	\$ -	\$ 64,348	\$ 1,890,078
Receivables (net of allowance for uncollectibles)	-	-	-	-	185,691
Due from other governments	-	41,084	-	-	454,174
Inventory	-	-	-	-	43,877
Total assets	<u>\$ 421,384</u>	<u>\$ 41,084</u>	<u>\$ -</u>	<u>\$ 64,348</u>	<u>\$ 2,573,820</u>
LIABILITIES					
Accounts payable and other current liabilities	\$ -	\$ 42,759	\$ -	\$ 64,309	\$ 470,810
Accrued payroll payable	-	-	-	-	5,405
Due to other funds	-	6,275	119	-	706,398
Total liabilities	<u>-</u>	<u>49,034</u>	<u>119</u>	<u>64,309</u>	<u>1,182,613</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-hotel occupancy tax	-	-	-	-	53,080
Unavailable revenue-grants	-	15,074	-	-	92,062
Total deferred inflows of resources	<u>-</u>	<u>15,074</u>	<u>-</u>	<u>-</u>	<u>145,142</u>
FUND BALANCES					
Nonspendable:					
Inventory	-	-	-	-	43,877
Restricted:					
General Government	-	-	-	-	289,942
Public Safety	-	-	-	39	311,449
Community support services	-	-	-	-	58,024
Public works	-	-	-	-	413,538
Cultural and recreational	421,384	-	-	-	734,775
Assigned:					
General Government	-	-	-	-	18,272
Cultural and recreational	-	-	-	-	3,546
Unassigned	-	(23,024)	(119)	-	(627,358)
Total fund balances	<u>421,384</u>	<u>(23,024)</u>	<u>(119)</u>	<u>39</u>	<u>1,246,065</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 421,384</u>	<u>\$ 41,084</u>	<u>\$ -</u>	<u>\$ 64,348</u>	<u>\$ 2,573,820</u>

CITY OF CORSICANA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2013

	Hotel/Motel Occupancy Fees	Airport Operating	Cemetery	Forfeitures	Parks/ Recreation	Parks/ Recreation Special Events	Library
REVENUES							
Taxes:							
Hotel occupancy	\$ 404,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	84	-	-	-
Charges for current services	-	355,209	3,457	-	-	-	-
Revenues from use of money and property	1,326	15	228	24	68	11	28
Other revenue	5,340	702	68,753	-	1,180	-	-
Intergovernmental	-	101,019	-	-	-	-	-
Contributions and donations	5,028	-	-	-	38,872	17,190	4,917
Total revenues	<u>416,667</u>	<u>456,945</u>	<u>72,438</u>	<u>108</u>	<u>40,120</u>	<u>17,201</u>	<u>4,945</u>
EXPENDITURES							
Current:							
General government	408,834	504,855	178,390	-	-	-	-
Public safety	-	-	-	15,958	-	-	-
Community support services	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	53,225	22,240	1,972
Debt service:							
Principal retirement	1,881	9,804	-	-	-	-	-
Interest and fiscal charges	75	694	-	-	-	-	-
Total expenditures	<u>410,790</u>	<u>515,353</u>	<u>178,390</u>	<u>15,958</u>	<u>53,225</u>	<u>22,240</u>	<u>1,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,877</u>	<u>(58,408)</u>	<u>(105,952)</u>	<u>(15,850)</u>	<u>(13,105)</u>	<u>(5,039)</u>	<u>2,973</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	400	-	15,500	-	-	-
Transfers in	-	20,000	160,000	-	-	3,850	-
Transfers out	(3,850)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(3,850)</u>	<u>20,400</u>	<u>160,000</u>	<u>15,500</u>	<u>-</u>	<u>3,850</u>	<u>-</u>
Net change in fund balances	2,027	(38,008)	54,048	(350)	(13,105)	(1,189)	2,973
Fund balances - beginning	<u>95,363</u>	<u>100,157</u>	<u>100,779</u>	<u>13,553</u>	<u>39,334</u>	<u>7,599</u>	<u>16,484</u>
Fund balances - ending	<u>\$ 97,390</u>	<u>\$ 62,149</u>	<u>\$ 154,827</u>	<u>\$ 13,203</u>	<u>\$ 26,229</u>	<u>\$ 6,410</u>	<u>\$ 19,457</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2013

	Corsicana/ Navarro County Economic Development	Police	Community Support Services	Fire	Palace Theatre	Police LEOSE	Senior Activity Center
REVENUES							
Taxes:							
Hotel occupancy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-
Charges for current services	-	-	-	-	-	-	-
Revenues from use of money and property	126	35	15	11	8	-	86
Other revenue	24	-	-	-	5,620	-	-
Intergovernmental	-	-	-	-	-	-	-
Contributions and donations	63,073	6,226	-	-	6,000	-	-
Total revenues	<u>63,223</u>	<u>6,261</u>	<u>15</u>	<u>11</u>	<u>11,628</u>	<u>-</u>	<u>86</u>
EXPENDITURES							
Current:							
General government	634,834	-	-	-	-	-	-
Public safety	-	1,222	-	894	-	-	-
Community support services	-	-	1,330	-	-	-	4,850
Public works	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	11,923	-	-
Debt service:							
Principal retirement	35,782	-	-	-	-	-	-
Interest and fiscal charges	115,896	-	-	-	-	-	-
Total expenditures	<u>786,512</u>	<u>1,222</u>	<u>1,330</u>	<u>894</u>	<u>11,923</u>	<u>-</u>	<u>4,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(723,289)</u>	<u>5,039</u>	<u>(1,315)</u>	<u>(883)</u>	<u>(295)</u>	<u>-</u>	<u>(4,764)</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	759,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>759,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	35,711	5,039	(1,315)	(883)	(295)	-	(4,764)
Fund balances - beginning	<u>(50,277)</u>	<u>20,189</u>	<u>9,966</u>	<u>7,654</u>	<u>3,841</u>	<u>254</u>	<u>54,137</u>
Fund balances - ending	<u>\$ (14,566)</u>	<u>\$ 25,228</u>	<u>\$ 8,651</u>	<u>\$ 6,771</u>	<u>\$ 3,546</u>	<u>\$ 254</u>	<u>\$ 49,373</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2013

	Tax Increment Financing District	Court Technology	Court Security	Corsicana Crossing	Court Fines - Street Improvement	Court Fines - Judicial	Court Fines - Child Safety
REVENUES							
Taxes:							
Hotel occupancy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	16,556	12,475	-	133,249	5,307	2,433
Charges for current services	-	-	-	-	-	-	-
Revenues from use of money and property	-	104	181	116	550	56	3
Other revenue	-	-	-	-	-	-	-
Intergovernmental	224,871	-	-	-	-	-	-
Contributions and donations	2,100	-	-	-	-	-	-
Total revenues	<u>226,971</u>	<u>16,660</u>	<u>12,656</u>	<u>116</u>	<u>133,799</u>	<u>5,363</u>	<u>2,436</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	9,567	2,414	-	-	1,889	1,200
Community support services	312,223	-	-	-	-	-	-
Public works	-	-	-	-	101,413	-	-
Cultural and recreational	-	-	-	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>312,223</u>	<u>9,567</u>	<u>2,414</u>	<u>-</u>	<u>101,413</u>	<u>1,889</u>	<u>1,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,252)</u>	<u>7,093</u>	<u>10,242</u>	<u>116</u>	<u>32,386</u>	<u>3,474</u>	<u>1,236</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	191,426	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>191,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	106,174	7,093	10,242	116	32,386	3,474	1,236
Fund balances - beginning	<u>(627,501)</u>	<u>59,997</u>	<u>109,519</u>	<u>72,788</u>	<u>308,248</u>	<u>34,217</u>	<u>754</u>
Fund balances - ending	<u>\$ (521,327)</u>	<u>\$ 67,090</u>	<u>\$ 119,761</u>	<u>\$ 72,904</u>	<u>\$ 340,634</u>	<u>\$ 37,691</u>	<u>\$ 1,990</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2013

	GIS Project	TCDP Grant Cinergy Cinemas	Animal Shelter Building Donations	TP&W Grant Athletic Complex	Home Preservation Program	2010 Home Program	2013 Home Program
REVENUES							
Taxes:							
Hotel occupancy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-
Charges for current services	-	-	-	-	-	-	-
Revenues from use of money and property	60	-	1	81	-	-	-
Other revenue	-	-	-	-	-	-	-
Intergovernmental	-	68,639	-	374,150	638,137	258,457	-
Contributions and donations	-	-	-	-	-	-	-
Total revenues	<u>60</u>	<u>68,639</u>	<u>1</u>	<u>374,231</u>	<u>638,137</u>	<u>258,457</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	15,270	-	-	-	-
Community support services	-	-	-	-	700,803	257,384	656
Public works	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	475,517	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>15,270</u>	<u>475,517</u>	<u>700,803</u>	<u>257,384</u>	<u>656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60</u>	<u>68,639</u>	<u>(15,269)</u>	<u>(101,286)</u>	<u>(62,666)</u>	<u>1,073</u>	<u>(656)</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	72,000	262,507	-	-	-
Transfers out	-	-	(18,200)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>53,800</u>	<u>262,507</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	60	68,639	38,531	161,221	(62,666)	1,073	(656)
Fund balances - beginning	<u>37,665</u>	<u>(73,639)</u>	<u>891</u>	<u>100,074</u>	<u>-</u>	<u>(1,073)</u>	<u>-</u>
Fund balances - ending	<u>\$ 37,725</u>	<u>\$ (5,000)</u>	<u>\$ 39,422</u>	<u>\$ 261,295</u>	<u>\$ (62,666)</u>	<u>\$ -</u>	<u>\$ (656)</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended September 30, 2013

	Athletic Complex Donations	Pactiv Expansion Texas Capital Fund Grant	Corsicana Water and Adventure Park Texas Capital Fund Grant	Police Seizures	Totals
REVENUES					
Taxes:					
Hotel occupancy	\$ -	\$ -	\$ -	\$ -	\$ 404,973
Fines and forfeitures	-	-	-	-	170,104
Charges for current services	-	-	-	-	358,666
Revenues from use of money and property	552	79	-	34	3,798
Other revenue	-	-	-	-	81,619
Intergovernmental	-	26,010	-	-	1,691,283
Contributions and donations	310,750	-	-	-	454,156
Total revenues	<u>311,302</u>	<u>26,089</u>	<u>-</u>	<u>34</u>	<u>3,164,599</u>
EXPENDITURES					
Current:					
General government	-	49,113	-	-	1,776,026
Public safety	-	-	-	-	48,414
Community support services	-	-	-	-	1,277,246
Public works	-	-	-	-	101,413
Cultural and recreational	-	-	119	-	564,996
Debt service:					
Principal retirement	-	-	-	-	47,467
Interest and fiscal charges	-	-	-	-	116,665
Total expenditures	<u>-</u>	<u>49,113</u>	<u>119</u>	<u>-</u>	<u>3,932,227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>311,302</u>	<u>(23,024)</u>	<u>(119)</u>	<u>34</u>	<u>(767,628)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	15,900
Transfers in	-	-	-	-	1,468,783
Transfers out	-	-	-	-	(22,050)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,462,633</u>
Net change in fund balances	311,302	(23,024)	(119)	34	695,005
Fund balances - beginning	<u>110,082</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>551,060</u>
Fund balances - ending	<u>\$ 421,384</u>	<u>\$ (23,024)</u>	<u>\$ (119)</u>	<u>\$ 39</u>	<u>\$ 1,246,065</u>

CITY OF CORSICANA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2013

	2005 Certificates of Obligation Construction	2006 Certificates of Obligation Construction	2008 General Obligation	2011 General Obligation	2013 General Obligation	2011 5-Year Capital Lease/ Purchase	2012 3-Year Capital Lease/ Purchase
ASSETS							
Cash and cash equivalents	\$ 10	\$ 249,645	\$ 53,922	\$ 70,739	\$ 3,491,138	\$ 55,920	\$ 27,791
Receivables (net of allowance for uncollectibles)	-	-	-	-	1,608	-	-
Total assets	<u>\$ 10</u>	<u>\$ 249,645</u>	<u>\$ 53,922</u>	<u>\$ 70,739</u>	<u>\$ 3,492,746</u>	<u>\$ 55,920</u>	<u>\$ 27,791</u>
LIABILITIES							
Accounts payable and other current liabilities	\$ -	\$ -	\$ 53,846	\$ 68,902	\$ 81,224	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>53,846</u>	<u>68,902</u>	<u>81,224</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted:							
Capital projects	10	249,645	76	1,837	3,411,522	55,920	27,791
Total fund balances	<u>10</u>	<u>249,645</u>	<u>76</u>	<u>1,837</u>	<u>3,411,522</u>	<u>55,920</u>	<u>27,791</u>
Total liabilities and fund balances	<u>\$ 10</u>	<u>\$ 249,645</u>	<u>\$ 53,922</u>	<u>\$ 70,739</u>	<u>\$ 3,492,746</u>	<u>\$ 55,920</u>	<u>\$ 27,791</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR CAPITAL PROJECTS FUNDS
 September 30, 2013

	2012 5-Year Capital Lease/ Purchase	2013 3-Year Capital Lease/ Purchase	2013 5-Year Capital Lease/ Purchase	Total
ASSETS				
Cash and cash equivalents	\$ 368,194	\$ 63,376	\$ 90,208	\$ 4,470,943
Receivables (net of allowance for uncollectibles)	-	-	-	1,608
Total assets	\$ 368,194	\$ 63,376	\$ 90,208	\$ 4,472,551
LIABILITIES				
Accounts payable and other current liabilities	\$ -	\$ 350	\$ 1,190	\$ 205,512
Total liabilities	-	350	1,190	205,512
FUND BALANCES				
Restricted:				
Capital projects	368,194	63,026	89,018	4,267,039
Total fund balances	368,194	63,026	89,018	4,267,039
Total liabilities and fund balances	\$ 368,194	\$ 63,376	\$ 90,208	\$ 4,472,551

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 Year Ended September 30, 2013

	2005 Certificates of Obligation Construction	2006 Certificates of Obligation Construction	2008 General Obligation	2011 General Obligation	2013 General Obligation	2011 5-Year Capital Lease/ Purchase	2012 3-Year Capital Lease/ Purchase
REVENUES							
Revenues from use of money and property	\$ 171	\$ 379	\$ 474	\$ 736	\$ 2,450	\$ 41	\$ 54
Total revenues	<u>171</u>	<u>379</u>	<u>474</u>	<u>736</u>	<u>2,450</u>	<u>41</u>	<u>54</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Community support services	-	-	-	-	-	-	9,628
Public works	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-	-
Building and vehicle maintenance	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Community support services	-	-	-	-	-	-	-
Public works	355,860	6,447	149,656	80,906	21,954	-	-
Cultural and recreational	-	-	-	-	-	-	-
Building and vehicle maintenance	-	-	-	-	-	-	-
Debt service:							
Bond issuance costs	-	-	-	-	117,560	-	-
Total expenditures	<u>355,860</u>	<u>6,447</u>	<u>149,656</u>	<u>80,906</u>	<u>139,514</u>	<u>-</u>	<u>9,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(355,689)</u>	<u>(6,068)</u>	<u>(149,182)</u>	<u>(80,170)</u>	<u>(137,064)</u>	<u>41</u>	<u>(9,574)</u>
OTHER FINANCING SOURCES (USES)							
General obligation bonds issued	-	-	-	-	3,400,000	-	-
Premium on bonds issued	-	-	-	-	219,168	-	-
Capital leases	-	-	-	-	-	-	-
Transfers in	-	22,399	-	-	-	-	-
Transfers out	-	-	(274,351)	(607,564)	(70,582)	(40,800)	-
Total other financing sources (uses)	<u>-</u>	<u>22,399</u>	<u>(274,351)</u>	<u>(607,564)</u>	<u>3,548,586</u>	<u>(40,800)</u>	<u>-</u>
Net change in fund balances	(355,689)	16,331	(423,533)	(687,734)	3,411,522	(40,759)	(9,574)
Fund balances - beginning	<u>355,699</u>	<u>233,314</u>	<u>423,609</u>	<u>689,571</u>	<u>-</u>	<u>96,679</u>	<u>37,365</u>
Fund balances - ending	<u>\$ 10</u>	<u>\$ 249,645</u>	<u>\$ 76</u>	<u>\$ 1,837</u>	<u>\$ 3,411,522</u>	<u>\$ 55,920</u>	<u>\$ 27,791</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR CAPITAL PROJECTS FUNDS
 Year Ended September 30, 2013

	2012 5-Year Capital Lease/ Purchase	2012 3-Year Capital Lease/ Purchase	2012 5-Year Capital Lease/ Purchase	Total
REVENUES				
Revenues from use of money and property	\$ 614	\$ 342	\$ 275	\$ 5,536
Total revenues	<u>614</u>	<u>342</u>	<u>275</u>	<u>5,536</u>
EXPENDITURES				
Current:				
General government	-	6,454	-	6,454
Judicial	-	1,427	-	1,427
Public safety	-	70,208	-	70,208
Community support services	-	1,047	-	10,675
Public works	-	14,567	-	14,567
Cultural and recreational	-	11,414	-	11,414
Building and vehicle maintenance	-	2,700	-	2,700
Capital outlay:				
General government	-	-	7,172	7,172
Community support services	-	20,715	-	20,715
Public works	-	40,685	590,121	1,245,629
Cultural and recreational	6,223	13,000	-	19,223
Building and vehicle maintenance	-	25,662	160,304	185,966
Debt service:				
Bond issuance costs	-	-	-	117,560
Total expenditures	<u>6,223</u>	<u>207,879</u>	<u>757,597</u>	<u>1,713,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,609)</u>	<u>(207,537)</u>	<u>(757,322)</u>	<u>(1,708,174)</u>
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	-	-	3,400,000
Premium on bonds issued	-	-	-	219,168
Capital leases	-	226,065	846,340	1,072,405
Transfers in	-	44,498	-	66,897
Transfers out	(16,805)	-	-	(1,010,102)
Total other financing sources (uses)	<u>(16,805)</u>	<u>270,563</u>	<u>846,340</u>	<u>3,748,368</u>
Net change in fund balances	(22,414)	63,026	89,018	2,040,194
Fund balances - beginning	<u>390,608</u>	<u>-</u>	<u>-</u>	<u>2,226,845</u>
Fund balances - ending	<u>\$ 368,194</u>	<u>\$ 63,026</u>	<u>\$ 89,018</u>	<u>\$ 4,267,039</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, 2013

	Budget Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
	Original	Final				
Operating revenues:						
Service charges and rents	\$15,938,415	\$15,938,415	\$14,079,047	\$ -	\$14,079,047	\$(1,859,368)
Penalty	237,000	237,000	204,140	-	204,140	(32,860)
Other	57,000	57,000	420,360	-	420,360	363,360
Total operating revenues	<u>16,232,415</u>	<u>16,232,415</u>	<u>14,703,547</u>	<u>-</u>	<u>14,703,547</u>	<u>(1,528,868)</u>
Operating expenses:						
Sampling and analysis	431,398	454,450	396,684	(155)	396,529	(57,921)
Overland WWTP	350,021	411,851	273,778	(101)	273,677	(138,174)
Wastewater reclamation center	1,681,130	1,698,124	1,312,978	(267)	1,312,711	(385,413)
Navarro Mills plant	2,458,693	2,485,798	1,637,011	(274)	1,636,737	(849,061)
Lake Halbert plant	1,029,194	1,032,859	795,006	(216)	794,790	(238,069)
Utility system maintenance	2,223,650	2,861,009	2,521,481	(398)	2,521,083	(339,926)
Utility line replacement	914,790	1,373,012	167,181	-	167,181	(1,205,831)
Utility billing	532,077	536,350	458,055	(162)	457,893	(78,457)
Non-departmental	1,183,965	1,183,965	132,151	2,395,013	2,527,164	1,343,199
Depreciation	-	-	1,762,349	(1,762,349)	-	-
Total operating expenses	<u>10,804,918</u>	<u>12,037,418</u>	<u>9,456,674</u>	<u>631,091</u>	<u>10,087,765</u>	<u>(1,949,653)</u>
Operating income	5,427,497	4,194,997	5,246,873	(631,091)	4,615,782	420,785
Nonoperating revenue (expenses):						
Investment earnings	31,000	31,000	11,214	-	11,214	(19,786)
Gain (loss) on disposal of assets	500	500	(10,202)	-	(10,202)	(10,702)
Interest and fiscal charges	(4,927,655)	(4,794,747)	(1,492,465)	(3,387,346)	(4,879,811)	(85,064)
Total nonoperating revenue (expenses)	<u>(4,896,155)</u>	<u>(4,763,247)</u>	<u>(1,491,453)</u>	<u>(3,387,346)</u>	<u>(4,878,799)</u>	<u>(115,552)</u>
Income (loss) before contributions and transfers	531,342	(568,250)	3,755,420	(4,018,437)	(263,017)	305,233
Capital contributions	-	-	35,531	-	35,531	35,531
Transfer in	555,000	555,000	1,028,302	-	1,028,302	473,302
Transfer out	(1,391,935)	(1,391,935)	(1,351,659)	-	(1,351,659)	40,276
Change in net position	(305,593)	(1,405,185)	3,467,594	(4,018,437)	(550,843)	854,342
Total net position - beginning, as restated	16,879,902	8,954,063	20,580,951	-	20,580,951	11,626,888
Total net position - ending	<u>\$16,574,309</u>	<u>\$ 7,548,878</u>	<u>\$24,048,545</u>	<u>\$(4,018,437)</u>	<u>\$20,030,108</u>	<u>\$12,481,230</u>

CITY OF CORSICANA, TEXAS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND - SANITATION
Year Ended September 30, 2013

	Budget Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
	Original	Final				
Operating revenues:						
Service charges and rents	\$ 3,246,100	\$ 3,246,100	\$ 3,337,959	\$ -	\$ 3,337,959	\$ 91,859
Other	6,420	6,420	20,460	-	20,460	14,040
Total operating revenues	<u>3,252,520</u>	<u>3,252,520</u>	<u>3,358,419</u>	<u>-</u>	<u>3,358,419</u>	<u>105,899</u>
Operating expenses:						
Landfill operations	1,190,709	1,196,093	1,018,261	(245)	1,018,016	(178,077)
Contract collections	775,000	775,000	834,711	-	834,711	59,711
Bulk solid waste pickup	498,164	502,780	436,069	(144)	435,925	(66,855)
Non-departmental	19,152	19,152	15,671	-	15,671	(3,481)
Depreciation	-	-	278,424	(278,424)	-	-
Total operating expenses	<u>2,483,025</u>	<u>2,493,025</u>	<u>2,583,136</u>	<u>(278,813)</u>	<u>2,304,323</u>	<u>(188,702)</u>
Operating income	769,495	759,495	775,283	278,813	1,054,096	294,601
Nonoperating revenue (expenses):						
Investment earnings	1,565	1,565	727	-	727	(838)
Gain on disposal of assets	5,000	5,000	2,850	-	2,850	(2,150)
Interest and fiscal charges	(187,993)	(187,993)	(27,401)	(170,461)	(197,862)	(9,869)
Total nonoperating revenue (expenses)	<u>(181,428)</u>	<u>(181,428)</u>	<u>(23,824)</u>	<u>(170,461)</u>	<u>(194,285)</u>	<u>(12,857)</u>
Income before transfers	588,067	578,067	751,459	108,352	859,811	281,744
Transfer out	<u>(515,262)</u>	<u>(515,262)</u>	<u>(563,284)</u>	<u>-</u>	<u>(563,284)</u>	<u>(48,022)</u>
Change in net position	72,805	62,805	188,175	108,352	296,527	233,722
Total net position - beginning, as restated	1,948,833	2,875,416	2,631,913	-	2,631,913	(243,503)
Total net position - ending	<u>\$ 2,021,638</u>	<u>\$ 2,938,221</u>	<u>\$ 2,820,088</u>	<u>\$ 108,352</u>	<u>\$ 2,928,440</u>	<u>\$ (9,781)</u>

CITY OF CORSICANA, TEXAS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND - EMERGENCY MEDICAL SERVICES
Year Ended September 30, 2013

	Budget Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
	Original	Final				
Operating revenues:						
Service charges and rents	\$ 1,265,000	\$ 1,265,000	\$ 2,007,553	\$ (150,000)	\$ 1,857,553	\$ 592,553
Service charges and rents - intergovernmental	150,000	150,000	-	150,000	150,000	-
Other	50,225	50,225	55,348	-	55,348	5,123
Total operating revenues	<u>1,465,225</u>	<u>1,465,225</u>	<u>2,062,901</u>	<u>-</u>	<u>2,062,901</u>	<u>597,676</u>
Operating expenses:						
EMS service	2,182,085	2,198,085	2,160,318	-	2,160,318	(37,767)
Non-departmental	28,648	28,648	22,951	-	22,951	(5,697)
Depreciation	125,000	125,000	151,079	-	151,079	26,079
Total operating expenses	<u>2,335,733</u>	<u>2,351,733</u>	<u>2,334,348</u>	<u>-</u>	<u>2,334,348</u>	<u>(17,385)</u>
Operating income (loss)	(870,508)	(886,508)	(271,447)	-	(271,447)	615,061
Nonoperating revenue (expenses):						
Investment earnings	375	375	395	-	395	20
Gain on disposal of assets	-	-	13,425	-	13,425	13,425
Interest and fiscal charges	(231)	(231)	(1,037)	(215)	(1,252)	(1,021)
Total nonoperating revenue (expenses)	<u>144</u>	<u>144</u>	<u>12,783</u>	<u>(215)</u>	<u>12,568</u>	<u>12,424</u>
Income (loss) before transfers	(870,364)	(886,364)	(258,664)	(215)	(258,879)	627,485
Capital contributions	-	-	11,083	-	11,083	11,083
Transfer out	(373,636)	(373,636)	(373,636)	-	(373,636)	-
Change in net position	(1,244,000)	(1,260,000)	(621,217)	(215)	(621,432)	638,568
Total net position - beginning	(332,931)	1,675,349	1,014,583	-	1,014,583	(660,766)
Total net position - ending	<u>\$ (1,576,931)</u>	<u>\$ 415,349</u>	<u>\$ 393,366</u>	<u>\$ (215)</u>	<u>\$ 393,151</u>	<u>\$ (22,198)</u>

STATISTICAL SECTION (Unaudited)

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

Contents	Page
Financial Trends	77
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	82
These schedules contain information to help the reader assess the city's most significant local revenue sources, the property tax.	
Debt Capacity	86
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	91
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
Operating Information	93
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	
Other Information	96

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

CITY OF CORSICANA, TEXAS
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 4,626,914	\$ 5,698,501	\$43,075,796 *	\$ 43,535,773	\$40,704,695	\$36,515,350	\$37,993,856	\$35,062,030	\$41,315,063	\$40,990,194
Restricted	749,216	295,483	171,784	65,981	6,805	476,945	464,482	6,161,057	3,538,602	6,187,752
Unrestricted	1,192,011	1,358,089	1,723,938	2,564,433	2,495,040	3,644,985	4,085,878	3,208,988	695,653	(339,366)
Total governmental activities net position	<u>\$ 6,568,141</u>	<u>\$ 7,352,073</u>	<u>\$44,971,518</u>	<u>\$46,166,187</u>	<u>\$43,206,540</u>	<u>\$40,637,280</u>	<u>\$42,544,216</u>	<u>\$44,432,075</u>	<u>\$45,549,318</u>	<u>\$46,838,580</u>
Business-type activities										
Net investment in capital assets	\$25,240,352	\$26,165,177	\$12,347,749	\$13,591,302	\$15,973,129	\$16,790,974	\$15,020,985	\$19,227,378	\$19,585,921	\$23,022,166
Restricted	5,846,543	4,944,954	3,587,314	3,426,490	1,333,557	2,148,310	1,563,587	1,625,875	1,626,296	1,646,643
Unrestricted	(348,139)	(1,166,585)	1,515,772	506,052	872,990	1,525,421	7,900,782	5,515,563	3,986,963	2,593,190
Total business-type activities net position	<u>\$30,738,756</u>	<u>\$29,943,546</u>	<u>\$17,450,835</u>	<u>\$17,523,844</u>	<u>\$18,179,676</u>	<u>\$20,464,705</u>	<u>\$24,485,354</u>	<u>\$26,368,816</u>	<u>\$25,199,180</u>	<u>\$27,261,999</u>
Primary government										
Net investment in capital assets	\$29,867,266	\$31,863,678	\$55,423,545	\$57,127,075	\$56,677,824	\$53,306,324	\$53,014,841	\$54,289,408	\$60,900,984	\$64,012,360
Restricted	6,595,759	5,240,437	3,759,098	3,492,471	1,340,362	2,625,255	2,028,069	7,786,932	5,164,898	7,834,395
Unrestricted	843,872	191,504	3,239,710	3,070,485	3,368,030	5,170,406	11,986,660	8,724,551	4,682,616	2,253,824
Total primary government net position	<u>\$37,306,897</u>	<u>\$37,295,619</u>	<u>\$62,422,353</u>	<u>\$63,690,031</u>	<u>\$61,386,216</u>	<u>\$61,101,985</u>	<u>\$67,029,570</u>	<u>\$70,800,891</u>	<u>\$70,748,498</u>	<u>\$74,100,579</u>

* The City delayed the implementation of the requirements of GASB 34 related to infrastructure assets acquired prior to October 1, 2002 until fiscal year 2006.

CITY OF CORSICANA, TEXAS
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 3,201,891	\$ 3,485,656	\$ 3,323,134	\$ 3,716,908	\$ 4,222,680	\$ 3,429,018	\$ 3,271,011	\$ 3,241,304	\$ 3,492,349	\$ 3,428,726
Judicial	-	-	-	-	-	378,397	383,638	386,193	430,353	439,868
Public safety	6,185,214	6,260,915	6,851,979	7,203,500	8,010,253	8,073,287	8,209,523	8,201,461	8,123,848	8,137,238
Community support services	2,306,801	2,279,684	2,422,318	2,670,104	2,795,635	1,191,459	453,387	968,287	663,869	1,679,358
Public works	2,155,190	2,170,220	2,784,764	3,746,007	6,857,387	4,714,312	3,204,745	3,352,434	4,084,541	3,201,281
Cultural and recreational	-	-	-	-	-	2,176,559	1,768,084	2,007,750	2,067,844	1,953,716
Building and vehicle maintenance	-	-	-	-	-	673,726	591,613	792,991	638,517	574,845
Interest on long-term debt	367,144	276,438	453,507	578,480	467,423	697,648	619,762	578,780	682,394	776,903
Total governmental activities expenses	14,216,240	14,472,913	15,835,702	17,914,999	22,353,378	21,334,406	18,501,763	19,529,200	20,183,715	20,191,935
Business-type activities:										
Utility operations	9,264,155	10,218,684	10,939,204	11,227,697	11,574,461	10,430,444	10,545,545	10,634,345	13,585,948	10,949,139
Sanitation	2,047,417	2,344,646	2,039,657	2,541,502	2,670,527	2,555,538	2,474,798	2,727,912	3,101,112	2,610,537
Emergency medical services	2,779,496	2,703,775	4,328,036	4,064,683	3,717,276	1,784,212	1,903,164	2,023,114	2,188,651	2,335,385
Total business-type activities expenses	14,091,068	15,267,105	17,306,897	17,833,882	17,962,264	14,770,194	14,923,507	15,385,371	18,875,711	15,895,061
Total primary government expenses	\$ 28,307,308	\$ 29,740,018	\$ 33,142,599	\$ 35,748,881	\$ 40,315,642	\$ 36,104,600	\$ 33,425,270	\$ 34,914,571	\$ 39,059,426	\$ 36,086,996
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 450,416	\$ 530,469	\$ 453,419	\$ 443,617	\$ 861,361	\$ 250,875	\$ 190,281	\$ 178,740	\$ 204,762	\$ 193,017
Public safety	39,646	210,766	191,642	167,625	146,731	736,490	719,602	583,310	602,704	620,291
Community support services	86,227	88,852	138,023	161,738	255,961	147,850	231,413	194,534	201,412	252,413
Public works	193,162	144,471	154,246	151,525	121,601	257,783	247,461	355,585	342,709	395,133
Cultural and recreational	-	-	-	-	-	40,671	31,984	33,199	32,454	35,920
Operating grants and contributions	265,487	446,849	232,566	841,099	719,494	860,023	1,136,614	1,085,095	820,299	1,770,791
Capital grants and contributions	-	-	63,527	525,399	136,137	933,426	754,742	1,049,889	528,122	749,503
Total governmental activities program revenues	1,034,938	1,421,407	1,233,423	2,291,003	2,241,285	3,227,118	3,312,097	3,480,352	2,732,462	4,017,068

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services:										
Utility operations	\$ 9,942,683	\$ 10,498,900	\$ 12,119,823	\$ 11,286,355	\$ 11,911,140	\$ 12,947,466	\$ 14,160,281	\$ 15,294,834	\$ 14,286,280	\$ 14,703,547
Sanitation	2,712,650	2,731,365	2,715,297	3,088,374	3,189,739	3,079,968	3,185,505	3,209,777	3,411,064	3,358,419
Emergency medical services	2,836,328	2,612,035	4,152,447	4,168,024	4,337,662	2,030,719	3,077,210	1,702,719	1,945,569	2,062,901
Operating grants and contributions	-	-	-	-	-	-	-	521	8,983	11,083
Capital grants and contributions	-	-	-	-	-	84,434	22,578	312,250	58,560	35,531
Total business-type activities program revenues	15,491,661	15,842,300	18,987,567	18,542,753	19,438,541	18,142,587	20,445,574	20,520,101	19,710,456	20,171,481
Total primary government program revenues	\$ 16,526,599	\$ 17,263,707	\$ 20,220,990	\$ 20,833,756	\$ 21,679,826	\$ 21,369,705	\$ 23,757,671	\$ 24,000,453	\$ 22,442,918	\$ 24,188,549
Net (expense)/revenue										
Governmental activities	\$(13,181,302)	\$(13,051,506)	\$(14,602,279)	\$(15,623,996)	\$(20,112,093)	\$(18,107,288)	\$(15,189,666)	\$(16,048,848)	\$(17,451,253)	\$(16,174,867)
Business-type activities	1,400,593	575,195	1,680,670	708,871	1,476,277	3,372,393	5,522,067	5,134,730	834,745	4,276,420
Total primary government net expense	\$(11,780,709)	\$(12,476,311)	\$(12,921,609)	\$(14,915,125)	\$(18,635,816)	\$(14,734,895)	\$(9,667,599)	\$(10,914,118)	\$(16,616,508)	\$(11,898,447)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:

Property	\$ 5,054,960	\$ 5,233,564	\$ 5,499,625	\$ 6,214,531	\$ 6,819,390	\$ 7,483,973	\$ 7,514,547	\$ 7,660,066	\$ 7,828,414	\$ 8,173,945
Sales	4,143,163	4,506,522	4,910,743	5,025,853	5,306,960	5,034,621	4,996,997	5,195,660	5,522,784	5,789,582
Franchise	1,901,848	1,932,129	2,073,663	2,739,941	2,292,672	2,128,682	1,965,427	2,109,086	2,085,066	1,971,939
Hotel occupancy	202,326	237,642	324,691	623,595	646,998	374,282	348,217	361,052	396,481	399,656
Alcoholic beverage	17,899	20,693	24,819	31,327	29,791	33,497	32,355	30,631	31,811	33,885
Investment earnings	33,916	83,393	287,884	451,178	317,278	51,104	14,755	36,850	21,873	18,019
Gain on sale of capital assets	-	-	-	-	-	-	97,730	(52,154)	17,632	(113,028)
Miscellaneous	434,660	271,730	670,163	360,569	195,822	188,131	191,176	393,800	310,857	229,050
Transfers	1,421,189	1,549,765	1,106,504	1,371,671	1,470,122	1,573,145	1,581,995	2,201,716	2,351,240	1,260,277
Total governmental activities	13,209,961	13,835,438	14,898,092	16,818,665	17,079,033	16,867,435	16,743,199	17,936,707	18,566,158	17,763,325
Business-type activities:										
Investment earnings	87,159	179,360	195,101	735,809	649,677	25,027	17,891	31,468	19,339	12,336
Gain on sale of capital assets	-	-	-	-	-	-	-	52,718	40,784	6,073
Miscellaneous	127,817	-	-	-	-	-	-	-	-	-
Transfers	(1,421,189)	(1,549,765)	(1,106,504)	(1,371,671)	(1,470,122)	(1,573,145)	(1,581,995)	(2,201,716)	(2,351,240)	(1,260,277)
Total business-type activities	(1,206,213)	(1,370,405)	(911,403)	(635,862)	(820,445)	(1,548,118)	(1,564,104)	(2,117,530)	(2,291,117)	(1,241,868)
Total primary government	\$ 12,003,748	\$ 12,465,033	\$ 13,986,689	\$ 16,182,803	\$ 16,258,588	\$ 15,319,317	\$ 15,179,095	\$ 15,819,177	\$ 16,275,041	\$ 16,521,457

Change in Net Position

Governmental activities	\$ 28,659	\$ 783,932	\$ 295,813	\$ 1,194,669	\$ (3,033,060)	\$ (1,239,853)	\$ 1,553,533	\$ 1,887,859	\$ 1,114,905	\$ 1,588,458
Business-type activities	194,380	(795,210)	769,267	73,009	655,832	1,824,275	3,957,963	3,017,200	(1,456,372)	3,034,552
Total primary government	\$ 223,039	\$ (11,278)	\$ 1,065,080	\$ 1,267,678	\$ (2,377,228)	\$ 584,422	\$ 5,511,496	\$ 4,905,059	\$ (341,467)	\$ 4,623,010

CITY OF CORSICANA, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable	\$ 11,314	\$ 27,951	\$ 26,895	\$ 28,380	\$ 52,350	\$ 24,103	\$ 38,409	\$ 51,166	\$ 57,494	\$ 55,572
Assigned	-	-	-	-	-	-	-	1,140,271	743,888	1,178,248
Unassigned	1,102,212	1,053,258	1,617,411	1,899,140	1,897,060	1,820,851	3,074,774	3,423,887	3,873,916	4,692,009
Total general fund	<u>\$ 1,113,526</u>	<u>\$ 1,081,209</u>	<u>\$ 1,644,306</u>	<u>\$ 1,927,520</u>	<u>\$ 1,949,410</u>	<u>\$ 1,844,954</u>	<u>\$ 3,113,183</u>	<u>\$ 4,615,324</u>	<u>\$ 4,675,298</u>	<u>\$ 5,925,829</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 24,485	\$ 30,704	\$ 31,366	\$ 30,454	\$ 30,454	\$ 42,197	\$ 43,877
Restricted	1,161,831	2,329,765	6,516,879	6,310,574	5,774,426	3,624,578	2,942,808	6,210,955	3,538,602	6,187,752
Assigned	-	-	-	-	-	-	-	-	28,815	21,818
Unassigned	(584,881)	(735,335)	(789,797)	(950,860)	(993,890)	(1,053,004)	(895,219)	(1,713,092)	(752,490)	(627,358)
Total all other governmental funds	<u>\$ 576,950</u>	<u>\$ 1,594,430</u>	<u>\$ 5,727,082</u>	<u>\$ 5,384,199</u>	<u>\$ 4,811,240</u>	<u>\$ 2,602,940</u>	<u>\$ 2,078,043</u>	<u>\$ 4,528,317</u>	<u>\$ 2,857,124</u>	<u>\$ 5,626,089</u>

CITY OF CORSICANA, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes:										
Property	\$ 5,716,412	\$ 5,277,893	\$ 5,791,167	\$ 6,461,526	\$ 7,038,652	\$ 7,446,802	\$ 7,449,054	\$ 7,682,862	\$ 7,832,086	\$ 8,222,550
Sales	4,143,163	4,506,522	4,910,743	5,025,853	5,306,960	5,034,621	4,996,997	5,195,660	5,522,784	5,789,582
Franchise	1,901,848	1,932,129	2,073,663	2,739,941	2,292,672	2,128,682	1,965,427	2,109,086	2,085,066	1,971,939
Hotel occupancy	202,326	237,642	324,691	386,523	417,964	374,282	348,217	319,459	379,678	404,973
Alcoholic beverage	17,899	20,693	24,819	31,327	29,791	33,497	32,355	30,631	31,811	33,885
Licenses and permits	202,372	150,411	168,726	165,586	136,589	125,058	206,965	175,066	185,953	225,117
Fines and forfeitures	437,605	513,630	546,559	530,387	536,588	624,717	701,340	600,098	555,896	630,167
Charges for current services	111,536	146,029	209,183	236,312	579,422	425,829	397,883	474,035	490,874	511,908
Revenues from use of money and property	33,915	83,393	287,884	451,179	317,278	51,104	14,753	38,057	22,335	18,014
Other	566,972	197,329	280,758	360,569	345,186	330,118	333,850	528,596	451,467	400,243
Intergovernmental	188,825	264,203	90,172	1,108,910	649,509	1,321,857	1,467,302	1,009,559	1,413,897	1,981,557
Contributions and donations	143,500	197,897	365,352	257,588	206,026	490,648	425,015	241,350	788,921	523,046
Total revenues	<u>13,666,373</u>	<u>13,527,771</u>	<u>15,073,717</u>	<u>17,755,701</u>	<u>17,856,637</u>	<u>18,387,215</u>	<u>18,339,158</u>	<u>18,404,459</u>	<u>19,760,768</u>	<u>20,712,981</u>
Expenditures										
General government	2,571,878	2,849,282	3,109,607	3,196,533	3,569,545	3,947,760	2,759,480	2,978,286	3,230,795	3,242,689
Judicial	-	-	-	-	-	371,350	374,899	385,241	431,614	422,985
Public safety	6,077,374	6,206,789	6,535,834	6,971,865	7,723,976	7,777,689	8,515,399	7,912,394	7,998,438	7,854,553
Community support services	1,985,035	1,985,862	2,218,340	2,543,332	2,630,030	721,616	748,585	1,081,217	949,136	1,683,762
Public works	2,108,302	2,434,470	2,335,806	3,541,456	6,879,504	3,004,149	2,625,393	3,901,088	4,140,675	3,017,473
Cultural and recreational	-	-	-	-	-	1,993,306	1,645,593	1,898,052	2,007,945	2,443,232
Building and vehicle maintenance	-	-	-	-	-	610,156	529,065	758,935	652,727	506,143
Capital outlay	1,100,235	643,683	424,710	1,945,681	3,096,052	2,098,873	909,276	44,067	3,076,920	1,478,705
Debt service										
Principal retirement	1,173,607	1,156,584	1,043,467	767,038	997,499	1,078,094	986,916	821,888	1,053,512	1,321,533
Interest and fiscal charges	453,588	280,411	584,244	560,642	515,616	651,680	681,747	544,343	649,896	600,085
Bond issuance costs	-	59,018	-	-	-	-	26,584	96,637	-	117,560
Total expenditures	<u>15,470,019</u>	<u>15,616,099</u>	<u>16,252,008</u>	<u>19,526,547</u>	<u>25,412,222</u>	<u>22,254,673</u>	<u>19,802,937</u>	<u>20,422,148</u>	<u>24,191,658</u>	<u>22,688,720</u>
Excess (deficiency) of revenues over (under) expenditures	(1,803,646)	(2,088,328)	(1,178,291)	(1,770,846)	(7,555,585)	(3,867,458)	(1,463,779)	(2,017,689)	(4,430,890)	(1,975,739)
Other financing sources (uses)										
Certificates of obligation issued	-	1,319,018	4,110,000	-	-	-	-	-	-	-
General obligation bonds issued	1,890,000	-	2,625,000	-	3,400,000	-	-	3,205,000	-	3,400,000
Refunding bonds issued	-	-	-	-	-	-	1,290,000	-	-	-
Premium on bonds issued	-	-	11,954	-	-	-	72,755	6,712	-	219,168
Payment to refunded bond escrow agent	(1,832,483)	-	(2,511,008)	-	-	-	(1,305,000)	-	-	-
Capital leases	269,376	204,708	531,590	339,506	504,751	-	-	793,283	437,805	1,072,405
Loan proceeds	-	-	-	-	1,556,230	146,718	42,048	-	-	-
Sale of capital assets	-	-	-	-	-	-	262,872	25,186	35,919	43,385
Transfers in	2,054,486	1,970,765	2,016,373	2,991,019	2,605,466	2,173,811	2,742,970	3,529,270	3,835,111	3,779,759
Transfers out	(633,297)	(421,000)	(909,869)	(1,619,348)	(1,135,344)	(600,666)	(1,160,975)	(1,465,694)	(1,491,502)	(2,519,482)
Total other financing sources (uses)	<u>1,748,082</u>	<u>3,073,491</u>	<u>5,874,040</u>	<u>1,711,177</u>	<u>6,931,103</u>	<u>1,719,863</u>	<u>1,944,670</u>	<u>6,093,757</u>	<u>2,817,333</u>	<u>5,995,235</u>
Net change in fund balances	<u>\$ (55,564)</u>	<u>\$ 985,163</u>	<u>\$ 4,695,749</u>	<u>\$ (59,669)</u>	<u>\$ (624,482)</u>	<u>\$ (2,147,595)</u>	<u>\$ 480,891</u>	<u>\$ 4,076,068</u>	<u>\$ (1,613,557)</u>	<u>\$ 4,019,496</u>
Debt service as a percentage of noncapital expenditures	11.23%	9.82%	10.35%	7.55%	6.80%	8.29%	9.21%	7.23%	8.53%	9.60%

CITY OF CORSICANA, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year	Estimated Actual Value		Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2004	\$ 549,323,992	\$ 351,262,158	\$ 71,773,029	\$ 828,813,121	\$0.59950
2005	569,662,197	347,034,881	85,544,435	831,152,643	0.62720
2006	609,970,223	377,833,515	97,798,015	890,005,723	0.62720
2007	636,638,568	460,861,909	100,372,858	997,127,619	0.62720
2008	767,463,250	477,708,710	150,116,815	1,095,055,145	0.62720
2009	814,596,190	526,040,140	157,213,077	1,183,423,253	0.62720
2010	877,439,920	432,508,540	108,263,225	1,201,685,235	0.62720
2011	867,995,410	434,532,820	80,289,150	1,222,239,080	0.62720
2012	865,533,555	432,735,030	77,898,334	1,220,370,251	0.62720
2013	881,569,127	423,714,980	55,434,726	1,249,849,381	0.62720

Source: City Finance Department.

CITY OF CORSICANA, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING¹ GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	City of Corsicana			Overlapping Rates			Total Direct and Overlapping Rates
	Operating / General Rate	General Obligation Debt Service	Total Direct	Corsicana Independent School District	Navarro College	Navarro County	
2004	\$ 0.48410	\$0.11540	\$0.59950	\$ 1.52808	\$0.14050	\$0.62460	\$ 2.89268
2005	0.51900	0.10820	0.62720	1.67460	0.14050	0.62460	3.06690
2006	0.52280	0.10440	0.62720	1.67460	0.14050	0.62430	3.06660
2007	0.52270	0.10450	0.62720	1.50380	0.13500	0.59730	2.86330
2008	0.51380	0.11340	0.62720	1.28500	0.12000	0.57540	2.60760
2009	0.49060	0.13660	0.62720	1.28570	0.11900	0.58280	2.61470
2010	0.50964	0.11756	0.62720	1.28300	0.11900	0.62700	2.65620
2011	0.52079	0.10641	0.62720	1.28300	0.11900	0.62700	2.65620
2012	0.51980	0.10740	0.62720	1.28300	0.11900	0.62700	2.65620
2013	0.49790	0.12930	0.62720	1.28300	0.11900	0.62700	2.65620

Source: City Finance Department.

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Corsicana, Texas.

CITY OF CORSICANA, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Guardian Industries	\$ 47,902,205	1	3.83%	\$ 27,881,140	1	3.36%
Russell Stover Candies	41,788,490	2	3.34%	25,355,140	2	3.06%
HD USA 5147	39,242,590	3	3.14%	-		-
Corsicana Technologies Inc.	32,423,520	4	2.59%	-		-
True Value Co	30,657,820	5	2.45%	22,179,070	3	2.68%
NIP Owner, LLC	17,686,270	6	1.42%	-		-
Pactiv-Foam	14,148,400	7	1.13%	14,076,830	4	1.70%
Oil City Iron Works	12,119,950	8	0.97%	-		-
Oncor Electric Delivery Co LLC	11,285,560	9	0.90%	11,032,850	6	1.33%
Sunoco Pipeline LP	9,818,250	10	0.79%	-		-
Swift Transportation	-		-	13,458,916	5	1.62%
RMG Corsicana Real	-		-	10,201,480	7	1.23%
Russell Stover Candies	-		-	9,539,530	8	1.15%
Guardian Industries - Abated	-		-	9,515,030	9	1.15%
Wal-Mart Real Estate	-		-	8,037,320	10	0.97%
Total	\$ 257,073,055		20.57%	\$ 151,277,306		12.21%
Total valuation of City net of exempt property	<u>\$ 1,249,849,381</u>			<u>\$ 828,813,121</u>		

Source: City Finance Department.

CITY OF CORSICANA, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 4,968,735	\$ 4,823,030	97.07 %	\$ 138,162	\$ 4,961,193	99.85 %
2005	5,213,496	5,088,036	97.59	117,216	5,205,252	99.84
2006	5,582,116	5,426,460	97.21	145,971	5,572,431	99.83
2007	6,253,984	6,121,103	97.88	120,729	6,241,832	99.81
2008	6,868,186	6,702,475	97.59	149,308	6,851,783	99.76
2009	7,422,431	7,213,426	97.18	181,408	7,394,834	99.63
2010	7,536,970	7,225,383	95.87	272,779	7,498,162	99.49
2011	7,665,884	7,416,905	96.75	196,041	7,612,947	99.31
2012	7,654,162	7,482,118	97.75	89,528	7,571,646	98.92
2013	7,839,055	7,676,886	97.61	N/A	7,676,886	97.93

CITY OF CORSICANA, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business- Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Line of Credit	Capital Leases	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Capital Leases			
2004	\$3,395,598	\$3,430,000	\$440,551	\$ -	\$ 472,930	\$ -	\$7,749,402	\$30,015,000	\$ 650,621	\$46,154,102	N/A	\$1,846
2005	2,918,062	4,554,018	340,551	-	300,203	-	7,597,920	28,805,000	559,671	45,075,425	N/A	1,803
2006	4,191,404	6,784,018	240,551	-	579,984	-	6,879,578	26,945,000	662,665	46,283,200	N/A	1,815
2007	3,968,922	6,618,025	140,551	-	640,927	-	23,108,053	25,370,000	635,670	60,482,148	N/A	2,326
2008	7,072,871	6,412,585	691,972	893,081	787,763	597,129	21,717,415	24,025,000	752,693	62,950,509	N/A	2,381
2009	6,760,174	6,118,590	653,855	941,224	453,166	304,826	22,676,410	22,630,000	461,877	61,000,122	N/A	2,259
2010	7,530,000	4,633,903	621,602	833,399	261,837	11,035,000	19,101,097	12,910,000	301,673	57,228,511	N/A	2,081
2011	10,260,000	4,542,209	586,417	724,335	923,901	9,670,000	21,552,791	12,500,000	873,680	61,633,333	N/A	2,593
2012	9,680,000	4,446,988	551,232	619,887	1,126,934	8,120,000	20,628,012	12,080,000	1,230,065	58,483,118	12.78%	2,447
2013	12,445,000	4,344,715	516,047	515,966	1,754,185	6,505,000	19,645,285	11,640,000	1,186,736	58,552,934	N/A	2,390

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

∞ ¹ Personal income data and population data can be found in the Schedule of Demographic and Economic Statistics on page 91.

N/A Not available

CITY OF CORSICANA, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value ¹ of Property	Per Capita ²
2004	\$ 3,395,598	\$3,430,000	\$ 158,705	\$ 6,666,893	0.80%	\$ 267
2005	2,918,062	4,554,018	208,253	7,263,827	0.87%	291
2006	4,191,404	6,784,018	100,029	10,875,393	1.22%	426
2007	3,968,922	6,618,025	52,673	10,534,274	1.06%	405
2008	7,072,871	6,412,585	5,655	13,479,801	1.23%	510
2009	6,760,174	6,118,590	73,669	12,805,095	1.08%	474
2010	7,530,000	4,633,903	30,485	12,133,418	1.01%	441
2011	10,260,000	4,542,209	195,646	14,606,563	1.20%	614
2012	9,680,000	4,446,988	79,219	14,047,769	1.15%	588
2013	12,445,000	4,344,715	112,361	16,677,354	1.33%	681

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 82 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 91.

CITY OF CORSICANA, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Navarro County	\$ 1,020,000	50.58%	\$ 515,916
Debt repaid with property taxes: Corsicana ISD	57,724,092	73.68%	42,531,111
Debt repaid with property taxes: Mildred ISD	14,152,759	9.90%	<u>1,401,123</u>
Subtotal, overlapping debt			44,448,150
City of Corsicana, Texas direct debt			<u>19,575,913</u>
Total direct and overlapping debt			<u><u>\$ 64,024,063</u></u>

Source: Texas Municipal Reports

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Corsicana, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county and school district's taxable assessed value that is within the city's boundaries and dividing it by the county and school district's total taxable assessed value.

CITY OF CORSICANA, TEXAS
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 90,058,615	\$ 91,669,708	\$ 98,780,374	\$ 109,750,048	\$ 124,517,196	\$ 134,063,633	\$ 130,994,846	\$ 130,252,823	\$ 129,826,859	\$ 130,528,411
Total net debt applicable to limit	<u>6,675,265</u>	<u>7,266,254</u>	<u>10,870,150</u>	<u>10,528,355</u>	<u>13,450,496</u>	<u>12,656,746</u>	<u>12,138,267</u>	<u>14,610,921</u>	<u>14,052,195</u>	<u>16,677,354</u>
Legal debt margin	<u>\$ 83,383,350</u>	<u>\$ 84,403,454</u>	<u>\$ 87,910,224</u>	<u>\$ 99,221,693</u>	<u>\$ 111,066,700</u>	<u>\$ 121,406,887</u>	<u>\$ 118,856,579</u>	<u>\$ 115,641,902</u>	<u>\$ 115,774,664</u>	<u>\$ 113,851,057</u>
Total net debt applicable to the limit as a percentage of debt limit	7.41%	7.93%	11.00%	9.59%	10.80%	9.44%	9.27%	11.22%	10.82%	12.78%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 1,249,849,381
Add back: exempt real property	<u>55,434,726</u>
Total assessed value	<u>\$ 1,305,284,107</u>
Debt limit (10% of total assessed value)	\$ 130,528,411
Debt applicable to limit:	
General obligation bonds	16,789,715
Less: Amount set aside for repayment of general obligation debt	<u>(112,361)</u>
Total net debt applicable to limit	<u>16,677,354</u>
Legal debt margin	<u>\$ 113,851,057</u>

Note: Under state finance law, the City of Corsicana, Texas' outstanding general obligation debt should not exceed 10 percent of total assessed property tax value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF CORSICANA, TEXAS
PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

Fiscal Year	Waterworks and Sewer System Revenue Bonds					
	Total Revenues ¹	Less Operating Expenses ²	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$10,020,195	\$ 5,921,618	\$ 4,098,577	\$1,335,000	\$1,497,306	1.45
2005	10,654,819	6,246,549	4,408,270	1,405,000	1,434,461	1.55
2006	12,292,777	7,863,271	4,429,506	1,505,000	1,291,549	1.58
2007	12,000,294	7,947,935	4,052,359	1,330,000	1,218,686	1.59
2008	12,547,326	7,806,331	4,740,995	1,345,000	1,076,353	1.96
2009	12,969,339	7,757,346	5,211,993	1,395,000	1,016,953	2.16
2010	14,176,298	7,342,951	6,833,347	1,455,000	954,208	2.84
2011	15,322,836	7,534,268	7,788,568	410,000	527,314	8.31
2012	14,331,549	10,264,571	4,066,978	420,000	512,483	4.36
2013	14,714,761	7,694,325	7,020,436	440,000	495,583	7.50

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ Includes operating and nonoperating revenues.

² Includes operating expenses minus depreciation.

CITY OF CORSICANA, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	Estimated Population ¹	Personal Income ²	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2004	25,000	N/A	N/A	*	5,415	N/A %
2005	25,000	N/A	N/A	*	5,451	5.9
2006	25,500	N/A	N/A	*	5,590	5.7
2007	26,000	N/A	N/A	*	5,742	5.3
2008	26,442	N/A	N/A	*	5,672	6.0
2009	27,000	N/A	N/A	*	5,649	7.8
2010	27,500	N/A	N/A	*	5,633	8.0
2011	23,770	N/A	N/A	33.4	5,715	8.5
2012	23,899	\$ 457,464,000	19,142	*	5,782	8.0
2013	24,500	N/A	N/A	32.5	5,891	6.8

Data sources

¹ North Central Texas Council of Governments

² US Census Data, American Fact Finder

³ Corsicana Independent School District

⁴ Texas Workforce Commission, Labor Market & Career Information (LMCI) Department

* Median age only available when released in census years.

N/A Not available

CITY OF CORSICANA, TEXAS
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corsicana ISD	811	1	5.74%	795	2	7.13%
Russell Stover Candies	680	2	4.81%	1,000	1	8.96%
Navarro College	568	3	4.02%	784	3	7.03%
Navarro Regional Hospital	354	4	2.50%	400	6	3.59%
Guardian Industries	318	5	2.25%	400	5	3.59%
Navarro County	284	6	2.01%	289	9	2.59%
City of Corsicana	284	7	2.01%	296	8	2.65%
Corsicana Bedding	257	8	1.82%	-	-	-
Heritage Oaks	236	9	1.67%	-	-	-
Kohl's	200	10	1.41%	-	-	-
Collin Street Bakery	-	-	-	500	4	4.48%
Texas Youth Commission	-	-	-	335	7	3.00%
Medical Art Clinic	-	-	-	287	10	2.57%
Total	<u>3,992</u>		<u>38.92%</u>	<u>5,086</u>		<u>50.90%</u>
Total City Employment	<u>14,137</u> ^			<u>11,156</u> *		

Source: City Economic Development Department.

^ Calculated at 57.7% of 2013 Estimated Population

* Texas Workforce Commission; Texas Labor Market Review

CITY OF CORSICANA, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government Administration	12.0	13.0	12.0	13.0	11.0	12.0	12.0	11.0	12.0	12.0
Public Safety										
Police	59.0	59.0	58.0	58.0	58.0	58.0	58.0	59.0	59.0	60.0
Judicial	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Fire	38.0	38.0	38.0	38.0	38.0	38.0	38.0	35.0	35.0	35.0
EMS	25.0	25.0	22.0	19.0	19.0	22.0	22.0	22.0	25.0	26.0
Animal Control/Shelter	7.0	7.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0
Public Works										
Engineering/IT	7.0	6.5	6.5	7.0	8.0	8.0	8.0	7.0	7.0	7.0
Streets	20.0	20.0	17.0	17.0	17.0	17.0	17.0	16.0	15.7	15.7
93 Community Support/P&Z	4.3	4.0	4.0	3.5	6.5	6.5	6.5	4.8	4.8	4.8
Cemetery Admin/Mtc	3.8	3.8	3.8	3.8	3.5	3.5	3.5	0.3	0.3	0.3
Bldg/Equip Mtc	7.0	7.0	6.0	6.0	6.0	7.0	7.0	5.0	4.0	4.0
Cultural and Recreational										
Parks and Recreation	19.0	20.0	15.0	15.0	17.0	17.0	17.0	14.0	13.0	14.0
Library	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0
Sanitation Services	17.0	16.8	14.8	14.8	15.0	15.0	15.6	15.6	15.8	15.8
Utility Operating										
Environmental Svc/Analysis	8.0	8.0	8.0	8.0	8.0	8.0	6.0	6.0	5.3	5.3
Utility System Mtc	25.0	25.0	23.0	23.0	23.0	22.0	16.0	16.0	20.8	20.8
Utility Billing/Collections	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Water	15.0	15.0	15.0	15.0	15.0	15.0	15.8	15.8	15.2	15.2
Wastewater	12.0	12.0	12.0	12.0	12.0	12.0	12.6	12.6	12.2	12.2
Total	296.0	297.0	278.0	276.0	280.0	284.0	276.0	261.0	266.0	269.0

Source: City Finance Department.

CITY OF CORSICANA, TEXAS
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Reported Crimes (Calendar Year)	1,996	1,644	1,349	1,548	1,417	1,338	1,428	1,341	1,473	1,365
Number of Violations (Citations)	10,163	8,867	6,642	7,226	7,316	7,657	7,642	5,650	6,036	5,906
Judicial										
Municipal Court Fines-Cash	\$ 424,524	\$ 543,538	\$ 471,261	\$ 491,836	\$ 504,537	\$ 601,906	\$ 673,361	\$ 588,144	\$ 506,918	\$ 618,886
Fire										
Fire Calls (Including City and County)	2,116	2,448	2,641	2,588	2,563	2,085	1,485	2,159	2,100	2,094
EMS										
EMS Calls (Including City and County)	4,667	5,164	5,245	5,421	5,688	5,973	5,688	5,733	5,594	5,823
Planning & Zoning										
Building Permits Issued (Units)	262	261	261	238	276	208	204	191	431	196
Permit Value	\$26,330,369	\$31,056,780	\$31,056,780	\$18,614,241	\$9,585,263	\$4,806,339	\$34,027,511	\$9,458,810	\$13,631,731	17,814,117
Streets										
Miles of Streets Maintained	N/A	N/A	159	159	159	157.8	158	161	161	165.6
Health										
Animals Impounded (Calendar Year)	N/A	N/A	3,572	3,154	2,936	2,894	2,601	2,806	2,702	2,575
Cultural and Recreational										
Parks	12	12	12	12	12	12	13	13	13	13
Parks Maintained	12	12	12	12	12	12	13	13	13	13
Library										
Patrons	87,434	90,420	85,753	89,510	95,422	93,091	85,978	87,839	83,416	86,177
Sanitation Service										
Estimated Gallons Billed (in thousands)	2,282,516	2,463,524	2,463,524	2,637,278	2,220,563	2,277,849	2,214,248	2,527,433	2,323,689	2,338,845
Sewer										
Number of Wastewater Customers	7,761	7,771	7,938	7,896	7,929	7,854	7,871	7,945	7,933	7,937

Sources: Various government departments.
 N/A - Not Available

CITY OF CORSICANA, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Fire Hydrants	750	750	750	752	886	886	893	925	863	916
Streets										
Miles of Streets	N/A	N/A	159.00	159.00	159.00	157.82	158.00	161.00	161.00	165.55
Cultural and Recreational										
Parks Maintained	12	12	12	12	12	12	13	13	13	13
Library										
Number of Libraries	1	1	1	1	1	1	1	1	1	1
Water										
Water Plant Capacity (million gallons per day)	24.25	24.25	24.25	24.25	24.25	24.25	24.25	24.25	24.25	24.25
Water Storage Capacity (gallons)	13,015,000	13,015,000	13,015,000	13,015,000	13,015,000	13,015,000	13,015,000	13,015,000	13,015,000	13,015,000
Ⓔ Sewer										
Sewer Plant Capacity (million gallons per day)	9.11	9.11	9.11	9.11	9.11	9.11	9.11	9.11	9.11	9.11

Sources: Various government departments.

CITY OF CORSICANA, TEXAS
SCHEDULE OF INSURANCE IN FORCE
September 30, 2013

	Policy Number	Policy Period		Coverage	Annual Premium
		From	To		
I. LIABILITY COVERAGE					
A. GENERAL LIABILITY Texas Municipal League	2054	10/01/13	10/01/14	\$3,000,000 per occurrence \$6,000,000 annual aggregate No deductible	\$ 10,303
B. AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE Texas Municipal League	2054	10/01/13	10/01/14	\$3,000,000 per occurrence CSL/annual aggregate Various deductible	73,243
C. GENERAL LIABILITY - AIRPORT Texas Municipal League	2054	10/01/13	10/01/14	\$5,000,000 per occurrence and aggregate/No deductible	2,290
D. PUBLIC OFFICIALS AND EMP. LIABILITY Texas Municipal League	2054	10/01/13	10/01/14	\$500,000 per occurrence \$1,000,000 annual aggregate \$5,000 deductible	34,751
E. UNDERGROUND STORAGE Great American Alliance Insurance Co Public Works	9951318	01/09/14	01/09/15	\$1,000,000 per occurrence \$2,000,000 annual aggregate \$4,000 deductible	1,066
F. Airport Storage Tank (ZURICH) Great American Alliance Ins. Co.	9951318	01/09/14	01/09/15	\$1,000,000 per occurrence \$2,000,000 annual aggregate \$4,000 deductible	1,358
G. BONDS Victor O Schinnerer The Hartford	61BSBFP2426	11/16/13	11/16/14	Virginia Richardson Director of Finance \$100,000	400

CITY OF CORSICANA, TEXAS
SCHEDULE OF INSURANCE IN FORCE
September 30, 2013

	Policy Number	Policy Period		Coverage	Annual Premium
		From	To		
H. LIABILITY COVERAGE COMPREHENSIVE LAW ENFORCEMENT PROFESSIONAL LIABILITY Texas Municipal League Police	2054	10/01/13	10/01/14	\$3,000,000 each occurrence \$6,000,000 annual aggregate \$5,000 deductible	\$ 22,229
II. PROPERTY COVERAGE Texas Municipal League	2054	10/01/13	10/01/14	\$1,000 deductible (all risk)	
97 A. REAL AND PERSONAL PROPERTY				\$67,338,607 (Blanket limit/occurrence) \$1,000 deductible	62,628
B. MOBILE EQUIPMENT	2054	10/01/13	10/01/14	\$6,139,299 \$1,000 deductible	23,593
C. BOILER AND MACHINERY	2054	10/01/13	10/01/14	\$6,500,000 \$1,000 deductible per accident limit	Included with Real/Personal Property
III. ADDITIONAL COVERAGE Texas Municipal League	2054	10/01/13	10/01/14		
A. VALUABLE PAPERS, RECORDS, AND EDP MEDIA	2054	10/01/13	10/01/14	\$66,900	-
B. LOSS OF REVENUE, EXTRA EXPENSE AND RENTS	2054	10/01/13	10/01/14	\$25,000	-
C. AUTOMATIC NEWLY ACQUIRED PROPERTY (TRANSIT LIMIT)	2054	10/01/13	10/01/14	\$1,000,000	-

CITY OF CORSICANA, TEXAS
SCHEDULE OF INSURANCE IN FORCE
September 30, 2013

	Policy Number	Policy Period		Coverage	Annual Premium
		From	To		
D. ACCOUNTS RECEIVABLE	2054	10/01/13	10/01/14	\$10,000	\$ -
E. PERSONAL EFFECTS	2054	10/01/13	10/01/14	\$5,000	-
F. FINE ARTS	2054	10/01/13	10/01/14	as scheduled	-
G. OUTDOOR TREES AND SHRUBS	2054	10/01/13	10/01/14	\$10,000	-
H. LEASEHOLD INTEREST	2054	10/01/13	10/01/14	\$5,000	-
I. POLLUTANT CLEANUP & REMOVAL	2054	10/01/13	10/01/14	\$20,000 each premises	562
J. ANIMAL MORTALITY & THEFT	2054	10/01/13	10/01/14	As scheduled \$6,900 Surgical \$0 deductible	2,500

SINGLE AUDIT SECTION

CITY OF CORSICANA, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. Department of Housing and Urban Development:			
Passed through Texas Office of Rural Community Affairs:			
Community Development Block Grant/Entitlement Grants	14.218	713002	\$ 41,084
Passed through Texas Department of Housing and Community Affairs:			
HOME Investment Partnership	14.239	1001291	700,803
HOME Investment Partnership	14.239	1001394	257,383
U.S. Department of Justice:			
Passed through Community Oriented Policing Services:			
ARRA-Public Safety Partnership and Community Policing Grants	16.710	2009RKWX0832	104,017
Passed through Texas Office of the Governor Criminal Justice Division:			
Edward Byrne Memorial Justice Formula Grant Program	16.738	DJ09A102587701	80,000
U.S. Department of Transportation:			
Passed through Texas Department of Transportation:			
Airport Improvement Program	20.106	M318CORSI	50,000
Airport Improvement Program	20.106	13HGCORSI- 3X1AV024	51,019
Total expenditures of federal awards			<u>\$ 1,284,306</u>

CITY OF CORSICANA, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2013

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Corsicana, Texas under programs of the federal government for the year ended September 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Corsicana, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Corsicana, Texas.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CITY OF CORSICANA, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2013

There are no prior audit findings.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise City of Corsicana, Texas' basic financial statements, and have issued our report thereon dated March 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Corsicana, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Corsicana, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Corsicana, Texas' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and Members of the City Council
City of Corsicana, Texas
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Corsicana, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

March 27, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited City of Corsicana, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Corsicana, Texas major federal programs for the year ended September 30, 2013. City of Corsicana, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Corsicana, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Corsicana, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Corsicana, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, City of Corsicana, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Honorable Mayor and Members of the City Council
City of Corsicana, Texas
Page Two

Report on Internal Control Over Compliance

Management of City of Corsicana, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Corsicana, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Corsicana, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

March 27, 2014

CITY OF CORSICANA TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2013

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of City of Corsicana, Texas.
2. No significant deficiencies related to the audit of the financial statements were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of City of Corsicana, Texas were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for City of Corsicana, Texas expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no audit findings which the auditor is required to report under section 510 (a) of OMB A-133.
7. The programs tested as major programs were the HOME Investments Partnership Program, federal CFDA number 14.239.
8. The threshold used to distinguish between Type A and Type B programs was \$300,000.
9. City of Corsicana, Texas did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT

None



CORSICANA

EST. 1848

Preserving Yesterday. Building Tomorrow.