



City of Corsicana, Texas

Comprehensive Annual
Financial Report

For the Fiscal Year Ended
September 30, 2017

CITY OF CORSICANA, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

September 30, 2017

Issued By:

Connie Standridge, City Manager

Freddy Thomas, CPA, CGFO, Director of Finance

CITY OF CORSICANA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



April 23, 2018

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, 2017.

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, Wood, and Reeve, P.C., Certified Public Accountants, has issued an unmodified (“clean”) opinion on the City of Corsicana’s financial statements for the year ended September 30, 2017. The independent auditors’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ 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 23.7377 square miles and serves an estimated population of 24,040. 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.

200 N 12th Street

Corsicana, TX 75110

903-654-4800

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 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 5.3 percent (2007) to a decade high of 8.5 percent (2011). The current unemployment rate of 4.1 percent (2017) 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 2018.

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 AA- 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. New development and re-development throughout the downtown and surrounding areas, 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 revised during fiscal year 2013 and reviewed during fiscal year 2014. One of these policies remains 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 28.7 percent of total general fund operating budget for fiscal year 2016 and was a decrease from the same percentage from fiscal year 2015, which was 35.5 percent. This change was due to an intentional spend-down of fund balance by the Council, to fund several large projects. More information on this spend-down of fund balance is included in Management's Discussion and Analysis.

After the intentional spend-down of fund balance, the General Fund's fund balance remains healthy at September 30, 2017 and exceeds 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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Corsicana for its comprehensive annual financial report for the fiscal year ended September 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The 2017 comprehensive annual financial report is prepared to meet the Certificate of Achievement Program requirements and this document will be submitted to the GFOA to determine the eligibility for another certificate.

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



Freddy Thomas, CPA, CGFO
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Corsicana
Texas**

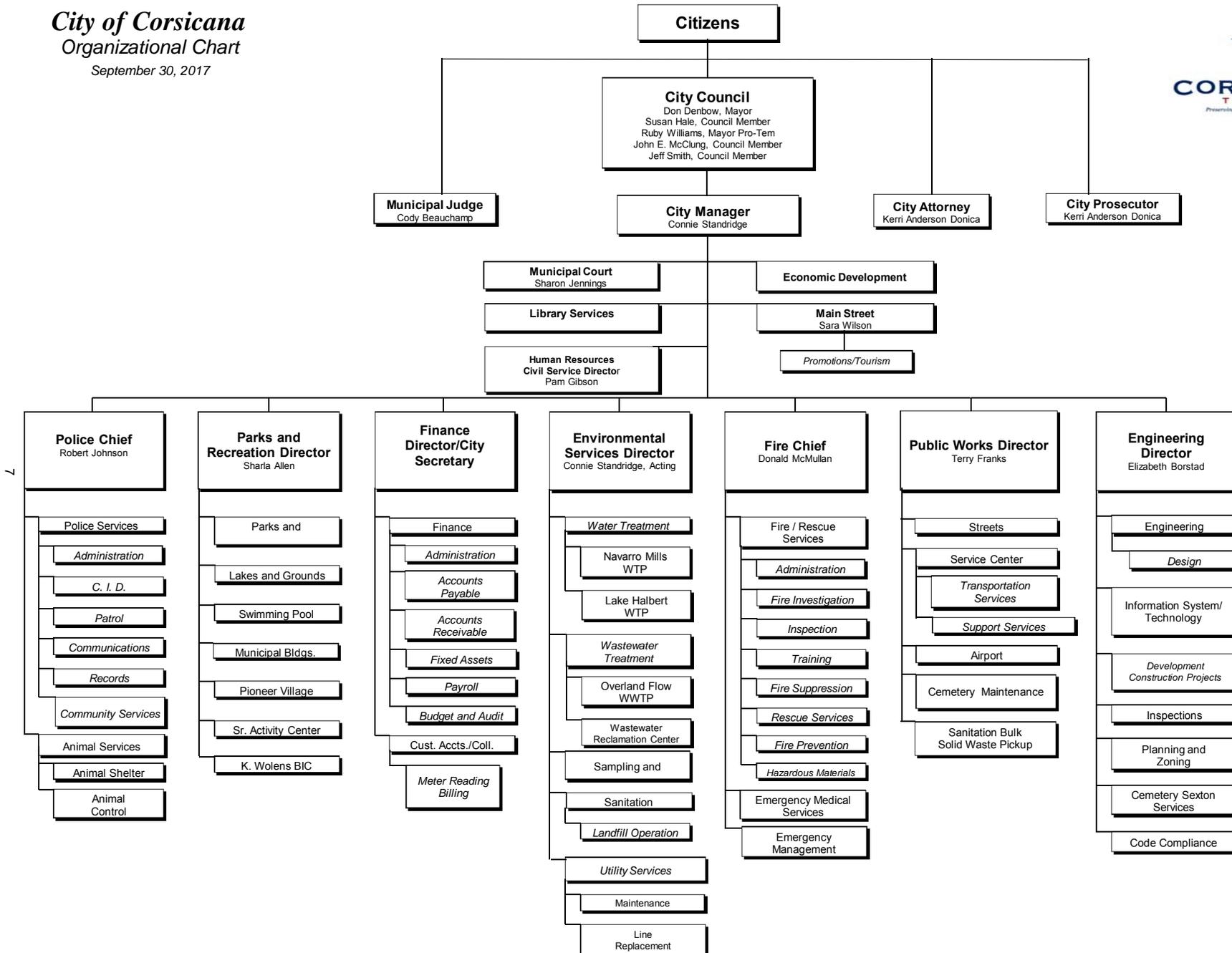
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

City of Corsicana
Organizational Chart
 September 30, 2017



CITY OF CORSICANA, TEXAS
LIST OF ELECTED AND APPOINTED CITY OFFICIALS
September 30, 2017

Elected Officials

Mayor	Don Denbow
Council Member, Precinct 1	Susan Hale
Mayor Pro Tem, Precinct 2	Ruby Williams
Council Member, Precinct 3	John E. McClung
Council Member, Precinct 4	Jeff Smith
City Attorney	Kerri Anderson Donica
Municipal Court Judge	Cody Beauchamp

Appointed Officials

City Manager	Connie Standridge
Chief of Police	Robert Johnson
Parks and Recreation Director	Sharla Allen
Director of Finance/City Secretary	Freddy Thomas
Director of Environmental Services	Kyle Pritchett
Fire Chief	Donald McMullan
Director of Public Works	Terry Franks
Director of Engineering	Elizabeth Borstad
Municipal Court Administrator	Sharon Jennings
Economic Development Director	Scott Jones
Library Director	Open
Main Street Director	Karie Denny
Human Resources / Civil Service Director	Pam Gibson

FINANCIAL SECTION



YELDELL, WILSON, WOOD & REEVE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA
Glenda Valek, CPA | Caitlyn Keller, CPA

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 the City of Corsicana, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Corsicana, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corsicana, Texas, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13-21, schedule of changes in net pension liability and related ratios on pages 79 and 81 and schedule of contributions on pages 80 and 82 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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 nonmajor fund financial statements 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 April 23, 2018, 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 the City of Corsicana, Texas' internal control over financial reporting and compliance.

Yeldell, Wilson, Wood + Reeve, P.C.

Yeldell, Wilson, Wood, & Reeve, P.C.
Certified Public Accountants

Ennis, Texas
April 23, 2018

CITY OF CORSICANA, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Corsicana, Texas, 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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found on pages 2-5 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$78,323,029 (*net position*). Of this amount \$(9,343,378) represents unrestricted net position (deficit).
- The City's total net position increased by \$3,483,649.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$9,642,182, a decrease of \$2,814,694 in comparison with the prior year. Approximately 51.7% of this amount (\$4,984,873) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,144,505, or approximately 32.6% of the total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support 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 financial information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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 as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported 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 other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include 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 23-24 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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds. Data from the other thirty-six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of 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 25-30 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. The *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses the 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 funds, which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire 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 34-77 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found on pages 79-82 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 87-128 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$78,323,029, at the close of the most recent fiscal year.

CITY OF CORSICANA'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 12,713,152	\$ 16,752,277	\$ 8,807,629	\$ 8,632,114	\$ 21,520,781	\$ 25,384,391
Capital assets	66,754,670	65,064,581	63,808,686	60,628,675	130,563,356	125,693,256
Total assets	<u>79,467,822</u>	<u>81,816,858</u>	<u>72,616,315</u>	<u>69,260,789</u>	<u>152,084,137</u>	<u>151,077,647</u>
Deferred outflows of resources	<u>3,633,032</u>	<u>3,522,776</u>	<u>2,504,742</u>	<u>2,464,327</u>	<u>6,137,774</u>	<u>5,987,103</u>
Long term liabilities	37,465,355	37,730,598	37,188,741	39,127,992	74,654,096	76,858,590
Other liabilities	1,898,127	3,217,109	2,453,497	1,828,296	4,351,624	5,045,405
Total liabilities	<u>39,363,482</u>	<u>40,947,707</u>	<u>39,642,238</u>	<u>40,956,288</u>	<u>79,005,720</u>	<u>81,903,995</u>
Deferred inflows of resources	<u>518,617</u>	<u>186,017</u>	<u>374,545</u>	<u>104,372</u>	<u>893,162</u>	<u>290,389</u>
Net position:						
Net investment in capital assets	45,436,934	45,756,066	38,624,251	32,264,793	84,061,185	78,020,859
Restricted	2,642,079	2,227,592	963,143	934,127	3,605,222	3,161,719
Unrestricted	(4,860,258)	(3,777,748)	(4,483,120)	(2,534,464)	(9,343,378)	(6,312,212)
Total net position	<u>\$ 43,218,755</u>	<u>\$ 44,205,910</u>	<u>\$ 35,104,274</u>	<u>\$ 30,664,456</u>	<u>\$ 78,323,029</u>	<u>\$ 74,870,366</u>

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

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, equipment, and vehicles, infrastructure, and improvements), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4.6%) represents resources that are subject to external restrictions on how they may be used.

The City's total net investment in capital assets increased as the additions from capital outlays and work-in-progress exceeded capital related debt issued, depreciation and retirements.

CITY OF CORSICANA'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 2,140,487	\$ 2,070,816	\$ 22,677,658	\$ 22,205,652	\$ 24,818,145	\$ 24,276,468
Operating grants and contributions	704,816	468,043	506,638	468,230	1,211,454	936,273
Capital grants and contributions	52,348	102,030	1,040,715	70,730	1,093,063	172,760
General revenues:						
Property taxes	8,305,309	8,109,922	-	-	8,305,309	8,109,922
Sales taxes	6,497,484	6,359,457	-	-	6,497,484	6,359,457
Franchise taxes	2,053,150	2,017,440	-	-	2,053,150	2,017,440
Hotel occupancy taxes	556,176	472,337	-	-	556,176	472,337
Alcoholic beverage taxes	46,782	48,679	-	-	46,782	48,679
Investment earnings	51,291	29,487	13,302	6,169	64,593	35,656
Gain on sale of capital assets	16,282	5,568	129,034	26,940	145,316	32,508
Miscellaneous	159,775	190,370	-	-	159,775	190,370
Total revenues	<u>20,583,900</u>	<u>19,874,149</u>	<u>24,367,347</u>	<u>22,777,721</u>	<u>44,951,247</u>	<u>42,651,870</u>
Expenses:						
General government	2,825,532	2,784,969	-	-	2,825,532	2,784,969
Judicial	658,221	531,183	-	-	658,221	531,183
Public safety	9,777,706	9,388,690	-	-	9,777,706	9,388,690
Community support services	522,514	515,566	-	-	522,514	515,566
Public works	5,255,798	4,786,855	-	-	5,255,798	4,786,855
Cultural and recreational	2,412,918	2,353,565	-	-	2,412,918	2,353,565
Building and vehicle maintenance	488,138	451,202	-	-	488,138	451,202
Interest on long-term debt	719,760	765,951	-	-	719,760	765,951
Utility operations	-	-	12,343,943	12,204,997	12,343,943	12,204,997
Sanitation	-	-	3,040,602	2,862,410	3,040,602	2,862,410
Emergency medical services	-	-	3,422,466	2,581,997	3,422,466	2,581,997
Total expenses	<u>22,660,587</u>	<u>21,577,981</u>	<u>18,807,011</u>	<u>17,649,404</u>	<u>41,467,598</u>	<u>39,227,385</u>
Change in net position before transfers	(2,076,687)	(1,703,832)	5,560,336	5,128,317	3,483,649	3,424,485
Transfers	1,089,532	1,335,328	(1,089,532)	(1,335,328)	-	-
Change in net position	<u>(987,155)</u>	<u>(368,504)</u>	<u>4,470,804</u>	<u>3,792,989</u>	<u>3,483,649</u>	<u>3,424,485</u>
Net position - beginning, as restated	<u>44,205,910</u>	<u>44,574,414</u>	<u>30,633,470</u>	<u>26,840,481</u>	<u>74,839,380</u>	<u>71,414,895</u>
Net position - ending	<u>\$ 43,218,755</u>	<u>\$ 44,205,910</u>	<u>\$ 35,104,274</u>	<u>\$ 30,633,470</u>	<u>\$ 78,323,029</u>	<u>\$ 74,839,380</u>

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

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$987,155 from the prior fiscal year for an ending balance of \$43,218,755. This decrease is primarily due to the intentional spend-down of funds in the General Fund. This will be discussed further in the Governmental Funds section, below. Total revenues from governmental activities increased from the prior year primarily due to increases in grant revenues, as several large grant projects were completed in the current year. In addition, property taxes and sales taxes both increased by \$195,387 (2.41%) and \$138,027 (2.17%), respectively, in the current year. Overall, expenses were up in most categories. Street Improvements and Public Safety continue to be areas of focus for the Council.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year resulted in a net increase in net position to an ending balance of \$35,104,274. The total increase in net position for business-type activities (utility operations, sanitation and emergency medical services) was \$4,470,804 or 14.6% from the prior fiscal year. Revenues were higher in the current year than in the previous year. Expenses increased overall, as well, compared to the prior year. For more information, see the proprietary funds section below.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At September 30, 2017, the City's governmental funds reported combined fund balances of \$9,642,182, a decrease of \$2,814,694 in comparison with the prior year. Approximately 51.7% of this amount (\$4,984,873) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form (\$156,711), 2) restricted for particular purposes (\$4,327,333), 3) committed for particular purposes (\$41,828) or 4) assigned for particular purposes (\$131,437).

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 \$5,144,505, while total fund balance increased to \$5,342,213. 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 general fund expenditures. Unassigned fund balance represents approximately 32.6% of total general fund expenditures, while total fund balance represents approximately 33.8% of that same amount.

The fund balance in the City's general fund increased by \$653,188 during the current fiscal year. Revenues increased slightly over the prior year. Expenditures decreased from the prior year by \$360,803 (2.23%). The City's goal of 90 days operating expenses in fund balance was able to be met for the year.

The debt service fund, a major fund, had an increase in fund balance during the current year of \$56,055 to bring the year end fund balance to \$200,907.

Proprietary Funds. The City's proprietary funds 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 amounts to \$(964,173), \$(1,375,634) and \$(2,143,313). Net position increased in 2017 by \$3,923,645, \$387,443, and \$159,716, respectively. For utility operations, the increase is \$1,505,388 more than the increase in the prior year. For sanitation operations, net position increased by \$387,443. Operating revenues increased for the fund, as did operating expenses. However, operating income overall increased by \$980,312, which contributed to the increase in net position. Emergency Medical Services fund experienced a positive change in net position primarily due to cash receipts for the 1115 Waiver Program. Participation in this program has greatly impacted the net position of the fund. The City hopes that the program will continue to be funded and plans to continue participation in the program. The negative unrestricted net position of the fund, which was caused by the recognition of 50% of the Firefighter's Relief and Retirement pension fund's liability in fiscal year 2015.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, the City amended the budget in the amount of \$64,000, all of which was to fund expenditures.

Final budget compared to actual results. General fund actual revenues of \$15,186,919 exceeded budgeted revenues of \$15,178,536 by \$8,383. The main component that experienced an increase was sales tax, which increased \$97,484 over budget. This increase offset negative variances in both property tax and licenses and permits, as well as fines and forfeitures.

Budgeted general fund expenditures of \$16,407,635 exceeded actual expenditures of \$15,802,887. This \$604,748 positive variance in expenditures was achieved largely due to vacancies in staffing in the police and fire departments.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$130,563,356 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery, equipment, and vehicles, infrastructure, and improvements. The total increase in capital assets for the current fiscal year was approximately 3.87%.

**City of Corsicana's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 40,350,512	\$ 40,350,512	\$ 3,628,703	\$ 3,628,703	\$ 43,979,215	\$ 43,979,215
Construction in progress	2,408,402	1,722,951	4,825,450	2,484,597	7,233,852	4,207,548
Buildings	3,437,872	3,721,907	1,060,337	1,112,433	4,498,209	4,834,340
Machinery, equipment, and vehicles	3,064,254	2,769,478	11,808,614	11,402,609	14,872,868	14,172,087
Infrastructure	17,493,630	16,499,733	-	-	17,493,630	16,499,733
Improvements	-	-	42,485,582	42,000,333	42,485,582	42,000,333
Total	\$ 66,754,670	\$ 65,064,581	\$ 63,808,686	\$ 60,628,675	\$ 130,563,356	\$ 125,693,256

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

- Infrastructure improvements of approximately \$2,100,000 were comprised of street improvement projects in the City.
- Improvements of approximately \$1,600,000 for utility line improvement and relocation.
- Machinery and equipment additions of approximately \$2,400,000 were comprised of several vehicles, a fire engine, two emergency service vehicles, heavy equipment, and other smaller acquisitions.

Additional information on the City's capital assets can be found in Note 2.E on pages 48-49 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$44,030,000, which is backed by the full faith and credit of the government. The remainder of the City's long-term obligations comprises notes payable, line of credit, and capital leases.

City of Corsicana's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Certificates of obligation	\$ -	\$ -	\$ 7,495,000	\$ 16,245,000	\$ 7,495,000	\$ 16,245,000
General obligation	19,739,317	21,028,692	12,955,683	6,576,308	32,695,000	27,605,000
Revenue bonds	-	-	3,840,000	4,610,000	3,840,000	4,610,000
Notes payable	666,907	715,476	-	-	666,907	715,476
Line of credit	87,464	192,823	-	-	87,464	192,823
Capital leases	1,662,851	1,581,547	2,385,322	1,780,584	4,048,173	3,362,131
Total	\$ 22,156,539	\$ 23,518,538	\$ 26,676,005	\$ 29,211,892	\$ 48,832,544	\$ 52,730,430

The City's total debt decreased by \$3,897,886 (7.39%) during the current fiscal year due to regularly scheduled principal reductions on the existing outstanding debt.

The City maintains a tax bond rating of "AA-" from Standard & Poor's and a "A1" rating from Moody's Investors Service. The revenue bond rating is "A" from Standard & Poor's and "A2" rating from Moody's Investors Service.

Additional information on the City's long term-debt can be found in Note 2.K on pages 54-60 of this report.

Economic Factors and Next Year's Budgets and Rates

In the 2018 Budget, General Fund revenues and transfers in are budgeted to increase 4.28% from the 2017 budget year with general property taxes making up about 34.34% of general fund budgeted revenues. The local economy continues to improve, and several new businesses have opened, expanded, or are under construction. These new businesses have already helped the City's tax base to recover some of the valuation losses from prior years. The City's budgets for all funds continue to be impacted positively by growth in the economy.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City'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.

BASIC FINANCIAL STATEMENTS

CITY OF CORSICANA, TEXAS
STATEMENT OF NET POSITION
September 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,840,459	\$ 1,419,766	\$ 10,260,225
Restricted cash and cash equivalents	-	1,902,226	1,902,226
Receivables (net of allowance for uncollectibles)	3,642,918	4,314,077	7,956,995
Intergovernmental receivables	20,968	984,963	1,005,931
Internal balances	25,000	(25,000)	-
Inventories	50,915	1,200	52,115
Prepaid items	132,892	210,397	343,289
Capital assets:			
Non-depreciable	42,758,914	8,454,153	51,213,067
Depreciable (net of accumulated depreciation)	23,995,756	55,354,533	79,350,289
Total Assets	<u>79,467,822</u>	<u>72,616,315</u>	<u>152,084,137</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	67,030	383,541	450,571
Changes in actuarial assumptions	749,453	504,117	1,253,570
Pension contributions after measurement date	944,289	514,311	1,458,600
Difference in projected and actual earnings on pension assets	1,810,370	1,073,480	2,883,850
Difference in expected and actual pension experience	61,890	29,293	91,183
Total Deferred Outflows of Resources	<u>3,633,032</u>	<u>2,504,742</u>	<u>6,137,774</u>
LIABILITIES			
Accounts payable and other current liabilities	1,175,468	737,773	1,913,241
Accrued payroll payable	642,798	373,370	1,016,168
Accrued interest payable	79,861	100,958	180,819
Customer deposits payable	-	641,355	641,355
Unearned revenue	-	21,756	21,756
Liabilities payable from restricted assets	-	578,285	578,285
Noncurrent liabilities:			
Due within one year	2,324,293	4,122,210	6,446,503
Due in more than one year	35,141,062	33,066,531	68,207,593
Total Liabilities	<u>39,363,482</u>	<u>39,642,238</u>	<u>79,005,720</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in expected and actual pension experience	518,617	374,545	893,162
Total Deferred Inflows of Resources	<u>518,617</u>	<u>374,545</u>	<u>893,162</u>
NET POSITION			
Net investment in capital assets	45,436,934	38,624,251	84,061,185
Restricted for:			
General government	1,630,371	-	1,630,371
Judicial	260,441	-	260,441
Public safety	68,074	-	68,074
Community support services	133,745	-	133,745
Cultural and recreational	348,541	-	348,541
Debt service	200,907	963,143	1,164,050
Unrestricted	(4,860,258)	(4,483,120)	(9,343,378)
Total Net Position	<u>\$ 43,218,755</u>	<u>\$ 35,104,274</u>	<u>\$ 78,323,029</u>

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

CITY OF CORSICANA, TEXAS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2017

	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
Function/Programs:							
Primary government:							
Governmental activities:							
General government	\$ 2,825,532	\$ 268,603	\$ 309,253	\$ -	\$ (2,247,676)	\$ -	\$ (2,247,676)
Judicial	658,221	-	-	-	(658,221)	-	(658,221)
Public safety	9,777,706	439,494	142,060	-	(9,196,152)	-	(9,196,152)
Community support services	522,514	294,911	-	-	(227,603)	-	(227,603)
Public works	5,255,798	858,251	-	52,348	(4,345,199)	-	(4,345,199)
Cultural and recreational	2,412,918	279,228	253,503	-	(1,880,187)	-	(1,880,187)
Building and vehicle maintenance	488,138	-	-	-	(488,138)	-	(488,138)
Interest on long-term debt	719,760	-	-	-	(719,760)	-	(719,760)
Total governmental activities	<u>22,660,587</u>	<u>2,140,487</u>	<u>704,816</u>	<u>52,348</u>	<u>(19,762,936)</u>	<u>-</u>	<u>(19,762,936)</u>
Business-type activities:							
Utility operations	12,343,943	15,834,004	1,694	1,040,715	-	4,532,470	4,532,470
Sanitation	3,040,602	3,982,334	-	-	-	941,732	941,732
Emergency medical services	3,422,466	2,861,320	504,944	-	-	(56,202)	(56,202)
Total business-type activities	<u>18,807,011</u>	<u>22,677,658</u>	<u>506,638</u>	<u>1,040,715</u>	<u>-</u>	<u>5,418,000</u>	<u>5,418,000</u>
Total primary government	<u>\$ 41,467,598</u>	<u>\$ 24,818,145</u>	<u>\$ 1,211,454</u>	<u>\$ 1,093,063</u>	<u>(19,762,936)</u>	<u>5,418,000</u>	<u>(14,344,936)</u>
General revenues:							
Property taxes					8,305,309	-	8,305,309
Sales taxes					6,497,484	-	6,497,484
Franchise taxes					2,053,150	-	2,053,150
Hotel occupancy taxes					556,176	-	556,176
Alcoholic beverage taxes					46,782	-	46,782
Investment earnings					51,291	13,302	64,593
Gain on sale of capital assets					16,282	129,034	145,316
Miscellaneous					159,775	-	159,775
Transfers					1,089,532	(1,089,532)	-
Total general revenues and transfers					<u>18,775,781</u>	<u>(947,196)</u>	<u>17,828,585</u>
Change in net position					(987,155)	4,470,804	3,483,649
Net position - beginning, as restated					<u>44,205,910</u>	<u>30,633,470</u>	<u>74,839,380</u>
Net position - ending					<u>\$ 43,218,755</u>	<u>\$ 35,104,274</u>	<u>\$ 78,323,029</u>

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

CITY OF CORSICANA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,094,001	\$ 192,249	\$ 4,554,209	\$ 8,840,459
Receivables (net of allowance for uncollectibles)	3,150,662	130,826	361,430	3,642,918
Intergovernmental receivables	276	-	20,692	20,968
Due from other funds	305,254	-	-	305,254
Inventories	23,040	-	27,875	50,915
Prepaid items	91,122	-	41,770	132,892
Total assets	<u>\$ 7,664,355</u>	<u>\$ 323,075</u>	<u>\$ 5,005,976</u>	<u>\$ 12,993,406</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 728,386	\$ 50	\$ 447,032	\$ 1,175,468
Accrued payroll payable	627,751	-	15,047	642,798
Due to other funds	-	-	280,254	280,254
Total liabilities	<u>1,356,137</u>	<u>50</u>	<u>742,333</u>	<u>2,098,520</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property tax	386,245	122,118	-	508,363
Unavailable revenue-court fines	579,760	-	-	579,760
Unavailable revenue-other	-	-	164,581	164,581
Total deferred inflows of resources	<u>966,005</u>	<u>122,118</u>	<u>164,581</u>	<u>1,252,704</u>
FUND BALANCES				
Nonspendable:				
Inventories	23,040	-	27,875	50,915
Prepaid items	91,122	-	14,674	105,796
Restricted:				
Tourism	-	-	132,358	132,358
Economic development	-	-	1,498,013	1,498,013
Municipal court	-	-	260,441	260,441
Police	-	-	61,451	61,451
Fire	-	-	6,607	6,607
Cemetery	-	-	87,218	87,218
Airport	-	-	65,383	65,383
Parks and recreation	-	-	202,896	202,896
Other purposes	-	-	126,805	126,805
Debt service	-	200,907	-	200,907
Capital projects	-	-	1,685,254	1,685,254
Committed:				
Streets	-	-	41,828	41,828
Assigned:				
Public works	80,000	-	47,891	127,891
Cultural and recreational	3,546	-	-	3,546
Unassigned	5,144,505	-	(159,632)	4,984,873
Total fund balances	<u>5,342,213</u>	<u>200,907</u>	<u>4,099,062</u>	<u>9,642,182</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,664,355</u>	<u>\$ 323,075</u>	<u>\$ 5,005,976</u>	<u>\$ 12,993,406</u>

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

CITY OF CORSICANA, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2017

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

Total fund balances - governmental funds (page 25)	\$	9,642,182	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			66,754,670
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.			1,252,704
Deferred outflows of resources are not reported in the governmental funds:			
Deferred charges on refunding	\$	67,030	
Changes in actuarial assumptions		749,453	
Pension contributions after measurement date		944,289	
Difference in projected and actual earnings on pension assets		1,810,370	
Difference in expected and actual pension experience		<u>61,890</u>	3,633,032
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet.			(79,861)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Due within one year		(2,324,293)	
Due in more than one year		<u>(35,141,062)</u>	(37,465,355)
Deferred inflows of resources are not reported in the governmental funds:			
Difference in expected and actual pension experience			<u>(518,617)</u>
Net position of governmental activities (page 23)	\$		<u><u>43,218,755</u></u>

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

CITY OF CORSICANA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 5,609,076	\$ 2,444,180	\$ 149,546	\$ 8,202,802
Sales taxes	6,497,484	-	-	6,497,484
Franchise taxes	2,053,150	-	-	2,053,150
Hotel occupancy taxes	-	-	556,176	556,176
Alcoholic beverage taxes	46,782	-	-	46,782
Licenses and permits	213,732	-	-	213,732
Fines and forfeitures	281,707	-	128,600	410,307
Charges for current services	173,311	-	1,215,227	1,388,538
Investment earnings	25,133	959	25,187	51,279
Miscellaneous	180,228	2,372	128,004	310,604
Intergovernmental	106,316	-	237,236	343,552
Contributions and donations	-	-	413,613	413,613
Total revenues	<u>15,186,919</u>	<u>2,447,511</u>	<u>2,853,589</u>	<u>20,488,019</u>
EXPENDITURES				
Current:				
General government	1,541,805	-	970,643	2,512,448
Judicial	471,645	-	107,145	578,790
Public safety	8,568,379	-	77,055	8,645,434
Community support services	457,822	-	-	457,822
Public works	2,412,123	-	1,386,550	3,798,673
Cultural and recreational	1,775,592	-	472,241	2,247,833
Building and vehicle maintenance	379,304	-	-	379,304
Debt service:				
Principal retirement	190,500	1,648,622	135,093	1,974,215
Interest and fiscal charges	5,717	742,834	121,176	869,727
Capital outlay:				
General government	-	-	7,743	7,743
Public safety	-	-	635,929	635,929
Public works	-	-	2,937,480	2,937,480
Cultural and recreational	-	-	44,785	44,785
Building and vehicle maintenance	-	-	3,044	3,044
Total expenditures	<u>15,802,887</u>	<u>2,391,456</u>	<u>6,898,884</u>	<u>25,093,227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(615,968)</u>	<u>56,055</u>	<u>(4,045,295)</u>	<u>(4,605,208)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,102,954	-	1,624,686	3,727,640
Transfers out	(850,000)	-	(1,788,108)	(2,638,108)
Capital leases	-	-	684,700	684,700
Sale of capital assets	16,202	-	80	16,282
Total other financing sources (uses)	<u>1,269,156</u>	<u>-</u>	<u>521,358</u>	<u>1,790,514</u>
Net change in fund balances	653,188	56,055	(3,523,937)	(2,814,694)
Fund balances - beginning	<u>4,689,025</u>	<u>144,852</u>	<u>7,622,999</u>	<u>12,456,876</u>
Fund balances - ending	<u>\$ 5,342,213</u>	<u>\$ 200,907</u>	<u>\$ 4,099,062</u>	<u>\$ 9,642,182</u>

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

CITY OF CORSICANA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2017

Amounts reported for governmental activities in the statement of activities (page 24) are different because:

Net Change in Fund Balances - total governmental funds (page 27)		\$ (2,814,694)
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, 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.		3,503,764
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.		(1,813,675)
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 premiums, discounts, and similar items when debt is first issued, whereas these 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.		
Bond principal retirement	\$ 1,289,375	
Amortization of deferred charge on refunding	(9,852)	
Amortization of bond premiums/discounts	72,376	
Note payable retirement	65,625	
Amortization of discount on note payable	(17,056)	
Line of credit retirement	105,359	
Capital leases issued	(684,700)	
Capital leases retirement	<u>603,396</u>	1,424,523
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.		14,961
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		79,590
Pension contributions are recorded as expenditures in the governmental funds. However, in the statement of activities, these contributions are converted to the full accrual GASBS 68 pension amounts.		
Changes in actuarial assumptions	343,798	
Pension contributions after measurement date	153,001	
Difference in projected and actual earnings on pension assets	(438,581)	
Difference in expected and actual pension experience	<u>(270,710)</u>	(212,492)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	(598,015)	
Net pension liability	<u>(571,117)</u>	<u>(1,169,132)</u>
Change in net position of governmental activities (page 24)		<u><u>\$ (987,155)</u></u>

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

CITY OF CORSICANA, TEXAS

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

For the Fiscal Year Ended September 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Budget
	Original	Final		
REVENUES				
Property taxes	\$ 5,623,886	\$ 5,623,886	\$ 5,609,076	\$ (14,810)
Sales taxes	6,400,000	6,400,000	6,497,484	97,484
Franchise taxes	2,045,000	2,045,000	2,053,150	8,150
Alcoholic beverage taxes	46,750	46,750	46,782	32
Licenses and permits	276,400	276,400	213,732	(62,668)
Fines and forfeitures	327,100	327,100	281,707	(45,393)
Charges for current services	202,150	202,150	173,311	(28,839)
Investment earnings	12,600	12,600	25,133	12,533
Miscellaneous	136,750	136,750	180,228	43,478
Intergovernmental	107,900	107,900	106,316	(1,584)
Total revenues	<u>15,178,536</u>	<u>15,178,536</u>	<u>15,186,919</u>	<u>8,383</u>
EXPENDITURES				
Current:				
General government:				
Administration:				
Mayor and council	27,949	27,949	26,051	(1,898)
Administration	278,023	278,023	263,663	(14,360)
Human resources	110,430	110,430	117,771	7,341
Civil service	82,450	82,450	83,019	569
Tax	140,100	140,100	139,106	(994)
Finance	577,162	577,162	570,765	(6,397)
Health services	42,000	42,000	42,030	30
Total administration	<u>1,258,114</u>	<u>1,258,114</u>	<u>1,242,405</u>	<u>(15,709)</u>
Non departmental	<u>245,745</u>	<u>309,745</u>	<u>299,400</u>	<u>(10,345)</u>
Total general government	<u>1,503,859</u>	<u>1,567,859</u>	<u>1,541,805</u>	<u>(26,054)</u>
Judicial:				
Legal	113,258	113,258	145,748	32,490
Municipal court	330,554	330,554	325,897	(4,657)
Total judicial	<u>443,812</u>	<u>443,812</u>	<u>471,645</u>	<u>27,833</u>
Public safety:				
Police	5,074,474	5,074,474	4,950,925	(123,549)
Fire	3,477,935	3,477,935	3,334,024	(143,911)
Emergency management	19,640	19,640	14,171	(5,469)
Animal control	127,960	127,960	128,068	108
Animal shelter	149,588	149,588	141,191	(8,397)
Total public safety	<u>8,849,597</u>	<u>8,849,597</u>	<u>8,568,379</u>	<u>(281,218)</u>

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

CITY OF CORSICANA, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (continued)
For the Fiscal Year Ended September 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Budget
	Original	Final		
Community support services:				
Inspections	\$ 163,588	\$ 163,588	\$ 154,530	\$ (9,058)
Planning and zoning	65,122	65,122	60,355	(4,767)
Code compliance	234,535	234,535	242,937	8,402
Total community support services	<u>463,245</u>	<u>463,245</u>	<u>457,822</u>	<u>(5,423)</u>
Public works:				
Information technology	130,374	130,374	116,297	(14,077)
Engineering	511,368	511,368	429,618	(81,750)
Streets	1,977,771	1,977,771	1,866,208	(111,563)
Total public works	<u>2,619,513</u>	<u>2,619,513</u>	<u>2,412,123</u>	<u>(207,390)</u>
Cultural and recreational:				
Parks and recreation	1,045,847	1,045,847	1,056,812	10,965
Lakes and grounds	93,602	93,602	92,511	(1,091)
Senior activity center	105,783	105,783	103,818	(1,965)
Swimming pool	97,546	97,546	113,117	15,571
Library	445,736	445,736	409,334	(36,402)
Total cultural and recreational	<u>1,788,514</u>	<u>1,788,514</u>	<u>1,775,592</u>	<u>(12,922)</u>
Building and vehicle maintenance:				
K. Wolens BIC	32,537	32,537	30,219	(2,318)
Maintenance service center	234,245	234,245	172,974	(61,271)
Municipal buildings	198,380	198,380	176,111	(22,269)
Total building and vehicle maintenance	<u>465,162</u>	<u>465,162</u>	<u>379,304</u>	<u>(85,858)</u>
Debt service:				
Principal retirement	202,899	202,899	190,500	(12,399)
Interest and fiscal charges	7,034	7,034	5,717	(1,317)
Total debt service	<u>209,933</u>	<u>209,933</u>	<u>196,217</u>	<u>(13,716)</u>
Total expenditures	<u>16,343,635</u>	<u>16,407,635</u>	<u>15,802,887</u>	<u>(604,748)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,165,099)</u>	<u>(1,229,099)</u>	<u>(615,968)</u>	<u>613,131</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,083,034	2,083,034	2,102,954	19,920
Transfers out	(850,000)	(850,000)	(850,000)	-
Sale of capital assets	20,000	20,000	16,202	(3,798)
Total other financing sources (uses)	<u>1,253,034</u>	<u>1,253,034</u>	<u>1,269,156</u>	<u>16,122</u>
Net change in fund balances	87,935	23,935	653,188	629,253
Fund balances - beginning	<u>4,449,302</u>	<u>4,449,302</u>	<u>4,689,025</u>	<u>239,723</u>
Fund balances - ending	<u>\$ 4,537,237</u>	<u>\$ 4,473,237</u>	<u>\$ 5,342,213</u>	<u>\$ 868,976</u>

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

CITY OF CORSICANA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017

	Business-type Activities - Enterprise Funds			
	Utility Operations	Sanitation	Emergency Medical Services	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 257,595	\$ 903,296	\$ 258,875	\$ 1,419,766
Restricted cash and cash equivalents	578,285	-	-	578,285
Receivables (net of allowance for uncollectibles)	2,407,644	659,253	1,247,180	4,314,077
Intergovernmental receivable	984,961	-	2	984,963
Inventories	-	1,200	-	1,200
Prepaid items	208,390	153	1,854	210,397
Total current assets	<u>4,436,875</u>	<u>1,563,902</u>	<u>1,507,911</u>	<u>7,508,688</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,080,360	243,581	-	1,323,941
Capital assets (net, where applicable of accumulated depreciation)	56,532,933	6,733,253	542,500	63,808,686
Total noncurrent assets	<u>57,613,293</u>	<u>6,976,834</u>	<u>542,500</u>	<u>65,132,627</u>
Total assets	<u>62,050,168</u>	<u>8,540,736</u>	<u>2,050,411</u>	<u>72,641,315</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	383,541	-	-	383,541
Changes in actuarial assumptions	99,681	32,617	371,819	504,117
Pension contributions after measurement date	256,007	83,173	175,131	514,311
Difference in projected and actual earnings on pension assets	488,782	154,699	429,999	1,073,480
Difference in expected and actual pension experience	22,110	7,183	-	29,293
Total deferred outflows of resources	<u>1,250,121</u>	<u>277,672</u>	<u>976,949</u>	<u>2,504,742</u>
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	429,759	257,207	50,807	737,773
Accrued payroll payable	202,166	54,779	116,425	373,370
Due to other funds	25,000	-	-	25,000
Compensated absences	122,656	35,334	37,774	195,764
Customer deposits payable	641,355	-	-	641,355
Accrued interest payable	100,083	875	-	100,958
Bonds payable	3,305,000	19,153	-	3,324,153
Capital lease payable	271,424	320,586	10,283	602,293
Unearned revenue	-	-	21,756	21,756
Current liabilities payable from restricted assets:				
Accounts payable	404,581	-	-	404,581
Retainage payable	173,704	-	-	173,704
Total current liabilities	<u>5,675,728</u>	<u>687,934</u>	<u>237,045</u>	<u>6,600,707</u>
Noncurrent liabilities:				
Compensated absences	537,539	154,853	165,543	857,935
Bonds payable	21,166,883	208,986	-	21,375,869
Capital lease payable	445,938	1,332,742	4,349	1,783,029
Landfill closure liability	-	1,913,082	-	1,913,082
Net pension liability	2,427,523	788,665	3,920,428	7,136,616
Total noncurrent liabilities	<u>24,577,883</u>	<u>4,398,328</u>	<u>4,090,320</u>	<u>33,066,531</u>
Total liabilities	<u>30,253,611</u>	<u>5,086,262</u>	<u>4,327,365</u>	<u>39,667,238</u>
DEFERRED INFLOWS OF RESOURCES				
Difference in expected and actual pension experience	46,692	12,413	315,440	374,545
Total deferred inflows of resources	<u>46,692</u>	<u>12,413</u>	<u>315,440</u>	<u>374,545</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	33,244,597	4,851,786	527,868	38,624,251
Restricted for debt service	719,562	243,581	-	963,143
Unrestricted	(964,173)	(1,375,634)	(2,143,313)	(4,483,120)
Total net position (deficit)	<u>\$ 32,999,986</u>	<u>\$ 3,719,733</u>	<u>\$ (1,615,445)</u>	<u>\$ 35,104,274</u>

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

CITY OF CORSICANA, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Total
	Utility Operations	Sanitation	Emergency Medical Services	
Operating revenues:				
Water	\$ 10,040,670	\$ -	\$ -	\$ 10,040,670
Sewer	5,333,666	-	-	5,333,666
Tap fees	51,644	-	-	51,644
Other charges	408,024	17,389	66,318	491,731
Garbage collection fees	-	1,284,562	-	1,284,562
Landfill	-	2,680,383	-	2,680,383
Emergency medical services	-	-	2,795,002	2,795,002
Total operating revenues	<u>15,834,004</u>	<u>3,982,334</u>	<u>2,861,320</u>	<u>22,677,658</u>
Operating expenses:				
Costs of sales and services	8,802,495	2,640,399	3,239,357	14,682,251
Administration	672,757	21,264	25,607	719,628
Depreciation and amortization	1,884,596	340,359	157,079	2,382,034
Total operating expenses	<u>11,359,848</u>	<u>3,002,022</u>	<u>3,422,043</u>	<u>17,783,913</u>
Operating income (loss)	<u>4,474,156</u>	<u>980,312</u>	<u>(560,723)</u>	<u>4,893,745</u>
Nonoperating revenue (expenses):				
Intergovernmental	1,694	-	504,944	506,638
Investment earnings	9,261	3,879	162	13,302
Gain (Loss) on disposal of assets	(30,942)	144,220	15,756	129,034
Interest and fiscal charges	(907,600)	(38,580)	(423)	(946,603)
Bond issuance costs	(76,495)	-	-	(76,495)
Total nonoperating revenue (expenses)	<u>(1,004,082)</u>	<u>109,519</u>	<u>520,439</u>	<u>(374,124)</u>
Income (loss) before contributions and transfers	3,470,074	1,089,831	(40,284)	4,519,621
Capital contributions	1,040,715	-	-	1,040,715
Transfer in	1,012,482	-	200,000	1,212,482
Transfer out	(1,599,626)	(702,388)	-	(2,302,014)
Change in net position	3,923,645	387,443	159,716	4,470,804
Total net position (deficit) - beginning, as restated	<u>29,076,341</u>	<u>3,332,290</u>	<u>(1,775,161)</u>	<u>30,633,470</u>
Total net position (deficit) - ending	<u>\$32,999,986</u>	<u>\$3,719,733</u>	<u>\$(1,615,445)</u>	<u>\$35,104,274</u>

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

CITY OF CORSICANA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			
	Utility Operations	Sanitation	Emergency Medical Services	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 14,885,811	\$ 3,981,375	\$ 2,618,913	\$ 21,486,099
Payments to suppliers	(6,211,389)	(1,419,496)	(614,373)	(8,245,258)
Payments to employees	(3,040,954)	(985,657)	(2,330,867)	(6,357,478)
Net cash provided by (used for) operating activities	<u>5,633,468</u>	<u>1,576,222</u>	<u>(326,327)</u>	<u>6,883,363</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from other funds	(11,150)	-	-	(11,150)
Transfers from other funds	1,012,482	-	200,000	1,212,482
Transfers to other funds	(1,599,626)	(702,388)	-	(2,302,014)
Operating grants	1,694	-	504,944	506,638
Net cash provided by (used for) noncapital financing activities	<u>(596,600)</u>	<u>(702,388)</u>	<u>704,944</u>	<u>(594,044)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	1,040,715	-	-	1,040,715
Acquisition and construction of capital assets	(3,297,165)	(1,491,969)	(190,263)	(4,979,397)
Proceeds from bonds	7,895,000	-	-	7,895,000
Bond issuance costs	(76,495)	-	-	(76,495)
Principal paid on bond maturities	(11,015,000)	(20,625)	-	(11,035,625)
Interest paid on bond maturities	(1,007,980)	(8,256)	-	(1,016,236)
Proceeds from capital leases	286,400	912,000	-	1,198,400
Principal paid on leased assets	(274,126)	(309,465)	(10,071)	(593,662)
Interest paid on leased assets	(13,692)	(32,331)	(423)	(46,446)
Proceeds from the sale of capital assets	4,531	144,220	25,846	174,597
Net cash provided by (used for) capital and related financing activities	<u>(6,457,812)</u>	<u>(806,426)</u>	<u>(174,911)</u>	<u>(7,439,149)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	9,261	3,879	162	13,302
Net cash provided by investing activities	<u>9,261</u>	<u>3,879</u>	<u>162</u>	<u>13,302</u>
Net change in cash and cash equivalents	(1,411,683)	71,287	203,868	(1,136,528)
Cash and cash equivalents October 1	3,327,923	1,075,590	55,007	4,458,520
Cash and cash equivalents September 30	<u>\$ 1,916,240</u>	<u>\$ 1,146,877</u>	<u>\$ 258,875</u>	<u>\$ 3,321,992</u>
Reported on Statement of Net Position				
Cash and cash equivalents	\$ 257,595	\$ 903,296	\$ 258,875	\$ 1,419,766
Restricted cash and cash equivalents	1,658,645	243,581	-	1,902,226
Total cash and cash equivalents	<u>\$ 1,916,240</u>	<u>\$ 1,146,877</u>	<u>\$ 258,875</u>	<u>\$ 3,321,992</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 4,474,156	\$ 980,312	\$ (560,723)	\$ 4,893,745
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,884,596	340,359	157,079	2,382,034
(Increase) decrease in accounts receivable	(13,008)	(959)	(242,405)	(256,372)
(Increase) decrease in intergovernmental receivables	(954,640)	-	(2)	(954,642)
(Increase) decrease in inventories	-	60	-	60
(Increase) decrease in prepaid items	(92,335)	-	2,396	(89,939)
(Increase) decrease in pension related deferred outflows	162,787	51,226	(359,239)	(145,226)
Increase (decrease) in accounts payable	(79,897)	96,226	35,894	52,223
Increase (decrease) in accrued payroll payable	34,977	3,216	18,555	56,748
Increase (decrease) in compensated absences	274,460	55,442	(41,689)	288,213
Increase (decrease) in pension related deferred inflows	(34,622)	(8,957)	315,440	271,861
Increase (decrease) in unearned revenue	(30,321)	-	(3,494)	(33,815)
Net increase in customer deposits	19,455	-	-	19,455
Increase in landfill closure liability	-	68,695	-	68,695
Increase (decrease) in net pension liability	(12,140)	(9,398)	351,861	330,323
Total adjustments	<u>1,159,312</u>	<u>595,910</u>	<u>234,396</u>	<u>1,989,618</u>
Net cash provided by (used for) operating activities	<u>\$ 5,633,468</u>	<u>\$ 1,576,222</u>	<u>\$ (326,327)</u>	<u>\$ 6,883,363</u>
Schedule of non-cash transactions:				
Capital assets purchased on account	\$ 578,285	\$ -	\$ -	\$ -

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

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

B. Reporting entity

The City 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.

C. Basis of presentation – government-wide financial statements

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of presentation – government-wide financial statements (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.

D. Basis of presentation – fund financial statements

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

The City reports the following major governmental funds:

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 *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.

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of presentation – fund financial statements (continued)

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

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

E. Measurement focus and basis of accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement focus and basis of accounting (continued)

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

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

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

F. Budgetary information

1. Budgetary basis of accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund, special revenue funds (with the exception of GIS Project, Animal Shelter Building Donations and Police Seizures funds) and the debt service fund . The annual budgets for the proprietary funds are prepared on the budgetary basis of accounting. Appropriations in all budgeted funds lapse at the end of the fiscal year. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

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.

2. Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in TexPool and TexSTAR. In accordance with state law, TexPool and TexSTAR operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool and TexSTAR qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. TexPool and TexSTAR are subject to regulatory oversight by the State Treasurer, although they are not registered with the SEC.

The State Comptroller of Public Accounts oversees TexPool. Federated Investors is the full service provider to the pools managing the assets, providing Participant Services, and arranging for all custody and other functions in support of the pools operations under a contract with the Comptroller.

TexPool is managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. Government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pool cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool, like its participants, are governed by the Texas Public Funds Investment Act, and are in full compliance with the Act.

TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AAAM by Standard & Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

J.P. Morgan Investment Management Inc. (“JPMIM” or the “investment manager”) and Hilltop Securities Inc. (“HTS”) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (the “Board”). JPMIM provides investment management services, and First Southwest, a Division of HTS, provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc. (“BFDS” or the “Transfer Agent”). Each of JPMIM, HTS, BFDS, and JPMorgan Chase Bank, N.A. may provide certain services, including those described herein, through the use of subcontractors or delegates.

The City also invests in a government money market fund managed by Wells Fargo Asset Management which seeks current income, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations. The fund seeks to maintain a \$1.00 value per share. The fund is rated AAAM by Standard & Poor's. The weighted average maturities of the fund cannot exceed 45 days, with the maximum maturity of any investment limited to 95 days.

3. 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 position 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.

4. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

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

5. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

As the government constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds 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 amount of interest capitalized depends on the specific circumstances. Certificates of obligation were issued in the prior year to finance utility fund projects. Accordingly, the interest was capitalized in the amount of \$69,097.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	20-50
Machinery and equipment	3-20
Infrastructure	20-50
Improvements	10-40

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

6. *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. Deferred outflows of resources reported in this year's financial statements include (1) a deferred outflow of resources related to changes in actuarial assumptions of the City's defined benefit pension plan, (2) a deferred outflow of resources for contributions made to the City's defined benefit pension plan between the measurement date of the net pension liabilities from that plan and the end of the City's fiscal year, (3) deferred outflows of resources related to the differences between the projected and actual investment earnings for the City's multiple-employer defined benefit plan, and (4) deferred charge on refunding. Deferred outflows for changes in actuarial assumptions is attributed to pension expense over a total of 2.84 years. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The differences between the projected and actual investment earnings are attributed to pension expense over a total of 5 years, including the current year. 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. No deferred outflows of resources affect the governmental funds financial statements in the current year.

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. Deferred inflows of resources are reported in the City's various statements of net position for the difference between expected and actual experience data used by the actuary. This deferred inflow of resources is attributed to pension expense over a total of 3.64 years, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The City will not recognize the related revenues until they are available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting. Accordingly, *unavailable revenue* from property taxes, court fines, and other are reported in the governmental funds balance sheet.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

7. Long-term obligations

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

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

8. Net position flow assumption

Net position represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-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”.

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

9. Fund balance flow assumption

The governmental fund financial statements 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 inventories and prepaid items) 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.

Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

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.

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

10. Deficit fund equity

As of September 30, 2017, the Tax Increment Financing District fund, a nonmajor capital projects fund, had a deficit fund balance of \$159,632. The deficit fund balance will be covered with the collection of the special assessment within the District.

H. Revenues and expenditures/expenses

1. Program revenues

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

2. Property taxes

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.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and expenditures/expenses (continued)

3. *Compensated absences*

The City's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Vacation leave shall be taken during the year following its accumulation.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility operations, sanitation, and emergency medical services funds are charges to customers for sales and services. The utility operations fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds includes 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.

5. *Pensions*

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. 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, 2017. At year end, the bank balance of the City's deposits was \$6,953,695. Of the bank balance, \$1,481,248 was covered by federal depository insurance and the remaining balance, \$5,472,447, 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 \$15,857,000.

B. Investments

Public funds of the City of Corsicana, Texas may be invested in the following: (1) obligations of the United States or its agencies with stated maturity not to exceed two years, (2) direct obligations of the State of Texas or its agencies with a stated maturity not to exceed two years, (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or its agencies, including obligations that are fully insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States and with stated maturity not to exceed two years, (4) Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent along with a stated maturity not to exceed two years, (5) certificates of deposit issued by state and national banks having an office in Texas, (6) no-load money market mutual fund, and (7) eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code.

As of September 30, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating ⁽¹⁾</u>
TexPool	\$ 2,024,885	AAAm
TexSTAR	2,935,308	AAAm
Governmental money market fund	270,839	AAAm
	<u>\$ 5,231,032</u>	

⁽¹⁾ Per Standard & Poor's

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

B. Investments (continued)

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.

Concentration of credit risk. The City's investment policy contains no limitations on the amount that can be invested in any one issuer.

TexPool, TexSTAR, and governmental money market fund are considered cash equivalents on the Government-wide Statement of Net Position and on the Balance Sheets of the Fund Financial Statements.

C. Restricted assets

The balances of the restricted asset accounts in the proprietary fund are as follows:

Revenue bond construction account	\$ 939,083
Revenue bond debt service account	52,858
Revenue bond reserve account	910,285
	<u>\$ 1,902,226</u>

D. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general, debt service, nonmajor governmental, utility, sanitation and emergency medical service funds, including the applicable allowances for uncollectible accounts:

	General	Debt Service	Nonmajor Governmental	Utility Operations	Sanitation	Emergency Medical Services
Receivables:						
Taxes	\$ 2,144,062	\$ 153,913	\$ -	\$ -	\$ -	\$ -
Court fines	1,656,456	-	-	-	-	-
Accounts	-	-	-	2,022,285	753,315	4,328,271
Other	1,430,997	-	361,430	745,149	-	(5,018)
Gross receivables	<u>5,231,515</u>	<u>153,913</u>	<u>361,430</u>	<u>2,767,434</u>	<u>753,315</u>	<u>4,323,253</u>
Less: allowance for uncollectibles	<u>(2,080,853)</u>	<u>(23,087)</u>	<u>-</u>	<u>(359,790)</u>	<u>(94,062)</u>	<u>(3,076,073)</u>
Net total receivables	<u>\$ 3,150,662</u>	<u>\$ 130,826</u>	<u>\$ 361,430</u>	<u>\$ 2,407,644</u>	<u>\$ 659,253</u>	<u>\$ 1,247,180</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

E. Capital assets

Capital asset activity for the year ended September 30, 2017, was as follows:

Governmental activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 40,350,512	\$ -	\$ -	\$ 40,350,512
Construction in progress	1,722,951	2,524,245	(1,838,794)	2,408,402
Total capital assets not being depreciated	<u>42,073,463</u>	<u>2,524,245</u>	<u>(1,838,794)</u>	<u>42,758,914</u>
Capital assets being depreciated:				
Buildings	19,097,409	-	-	19,097,409
Machinery, equipment, and vehicles	8,504,142	728,539	(163,193)	9,069,488
Infrastructure	33,256,528	2,089,774	-	35,346,302
Totals capital assets being depreciated	<u>60,858,079</u>	<u>2,818,313</u>	<u>(163,193)</u>	<u>63,513,199</u>
Less accumulated depreciation for:				
Buildings	(15,375,502)	(284,035)	-	(15,659,537)
Machinery, equipment, and vehicles	(5,734,664)	(433,763)	163,193	(6,005,234)
Infrastructure	(16,756,795)	(1,095,877)	-	(17,852,672)
Total accumulated depreciation	<u>(37,866,961)</u>	<u>(1,813,675)</u>	<u>163,193</u>	<u>(39,517,443)</u>
Total capital assets, being depreciated, net	<u>22,991,118</u>	<u>1,004,638</u>	<u>-</u>	<u>23,995,756</u>
Governmental activities capital assets, net	<u>\$ 65,064,581</u>	<u>\$ 3,528,883</u>	<u>\$ (1,838,794)</u>	<u>\$ 66,754,670</u>

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

Governmental activities:

General government	\$ 312,830
Public safety	276,606
Community support services	24,541
Public works	935,545
Cultural and recreational	190,595
Building and vehicle maintenance	73,558
Total depreciation expense - governmental activities	<u>\$ 1,813,675</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

E. Capital assets (continued)

Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 3,628,703	\$ -	\$ -	\$ 3,628,703
Construction in progress	2,484,597	2,912,379	(571,526)	4,825,450
Total capital assets not being depreciated	<u>6,113,300</u>	<u>2,912,379</u>	<u>(571,526)</u>	<u>8,454,153</u>
Capital assets being depreciated:				
Buildings	4,392,546	-	-	4,392,546
Machinery, equipment, and vehicles	27,675,042	1,669,841	(1,539,564)	27,805,319
Improvements	59,752,087	1,598,927	(17,247)	61,333,767
Total capital assets being depreciated	<u>91,819,675</u>	<u>3,268,768</u>	<u>(1,556,811)</u>	<u>93,531,632</u>
Less accumulated depreciation for:				
Buildings	(3,280,113)	(52,096)	-	(3,332,209)
Machinery, equipment, and vehicles	(16,272,433)	(1,218,273)	1,494,001	(15,996,705)
Improvements	(17,751,754)	(1,113,678)	17,247	(18,848,185)
Total accumulated depreciation	<u>(37,304,300)</u>	<u>(2,384,047)</u>	<u>1,511,248</u>	<u>(38,177,099)</u>
Total capital assets being depreciated, net	<u>54,515,375</u>	<u>884,721</u>	<u>(45,563)</u>	<u>55,354,533</u>
Business-type capital assets, net	<u>\$ 60,628,675</u>	<u>\$ 3,797,100</u>	<u>\$ (617,089)</u>	<u>\$ 63,808,686</u>

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

Business-type activities:

Utility operations	\$ 1,884,596
Sanitation	340,359
Emergency medical services	157,079
Total depreciation expense - business-type activities	<u>\$ 2,382,034</u>

F. Construction commitments

The City has active construction projects as of September 30, 2017. The projects include infrastructure improvements and utility system improvements. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining commitment</u>
Infrastructure and utility system improvements	\$ 3,092,485	\$ 1,009,070
Utility system improvements	1,468,217	1,050,437
	<u>\$ 4,560,702</u>	<u>\$ 2,059,507</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Construction commitments (continued)

The infrastructure improvements projects are commitments of the City's capital projects funds. The projects are being funded by certificates of obligation.

The utility system improvements projects are a commitment of the Utility Operations fund. The projects are being funded by certificates of obligation.

G. Tax Abatements

The City has three programs through which tax abatements are provided:

The City is authorized by Texas Tax Code Chapter 312 Property Redevelopment and Tax Abatement Act (Tax Abatement Act) to enter into property tax abatement agreements as an economic development tool available to cities to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions. Tax abatements may be established upon property in designated reinvestment zones within the City. No incentive shall be provided which abates taxes on real property or personal property by more than a total of five hundred percent (500%) over ten (10) years of the specific project (i.e., 50% level of abatement for a term of 10 years). The threshold criteria used for the abatement include creating at least fifteen new, full-time equivalent jobs with an average salary greater than the County average and an investment of at least \$500,000 in property improvements or in personal property. A partial (investment pro-rated) tax abatement may be granted in the event the project does not create an investment of at least \$500,000, but other threshold requirements are met. A partial (employment pro-rated) tax abatement may be granted in the event the project does not create at least fifteen new, full time jobs, but other threshold requirements are met. The City recaptures any and all property tax revenue lost as a result of the agreement if the owner of the property fails to complete, make, and maintain the threshold criteria. The City Council establishes the criteria and guidelines that govern all tax abatement agreements including the percentage amount and duration of the tax abatement, which is not to exceed ten years. The market value of the property is reduced by the exempted amount under the agreement to arrive at the taxable value used to bill the property owner.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

G. Tax Abatements (continued)

Corsicana Downtown Revitalization District (CDRD) Tax Abatement Program. This program is authorized by City Ordinance and is intended to encourage the rehabilitation and structural maintenance of Corsicana's historic downtown. In return for significant capital investment, owners of property in the CDRD are eligible to receive, upon approval by the City Council, a five-year ad valorem property tax freeze resulting from any increase in the appraised value of the property resulting from the improvements made. The estimated cost of the improvement project shall equal or exceed 20% of the most recent assessed ad valorem tax valuation of the structure or \$20,000, whichever is less. The City recaptures any and all property tax revenue lost as a result of the agreement if the owner of the property fails to complete, make, and maintain the threshold criteria.

Corsicana Downtown Revitalization District (CDRD) Reinvestment Tax Credit Program. This program is authorized by City Ordinance and is intended to encourage the rehabilitation and structural maintenance of Corsicana's historic downtown. A one-year rebate of ad valorem property taxes is available to owners of property in the CDRD to help defray smaller capital expenses to the property, such as painting, window repairs, electrical and plumbing upgrades, etc. The maximum tax credit for a project shall not exceed the annual tax liability of the real property for the year in which the investment was made. Projects are approved prior to work being done. Receipts and proof of payment are submitted prior to payment being made. There is no recapture due to the payment being made after performance of the work.

<u>Tax Abatement Program</u>	<u>Amount Abated</u>
Tax Abatement Act	\$ 243,234
CDRD Tax Abatement Program	9,480
CDRD Reinvestment Tax Credit Program	21,698

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Other significant 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 Tax Increment Financing District fund in any one fiscal year unless authorized by the TIF District Board of Directors. As of September 30, 2017, the unreimbursed costs due the Company totaled \$1,455,608.

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 \$400,000 annually, subject to adjustment as required by the Authority to cover actual cost incurred. Actual payments for the year ended September 30, 2017 were \$798,412.

I. 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; 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.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

J. Capital lease obligations

The City is currently purchasing equipment under lease purchase agreements. The interest on the leases range from 1.24-2.78%.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 2,544,277	\$ 3,159,870
Less: accumulated depreciation	(604,586)	(653,342)
Total	<u>\$ 1,939,691</u>	<u>\$ 2,506,528</u>

Annual debt service requirements to maturity are as follows –

<u>Year Ending September 30</u>	<u>Capital Lease Obligations</u>			
	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 455,940	\$ 32,091	\$ 602,293	\$ 43,174
2019	332,123	23,795	595,119	32,127
2020	222,713	17,682	350,872	22,310
2021	143,451	13,292	168,531	17,047
2022	127,769	10,285	129,419	13,911
2023-2027	380,855	14,857	539,088	25,334
	<u>\$ 1,662,851</u>	<u>\$ 112,002</u>	<u>\$ 2,385,322</u>	<u>\$ 153,903</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

K. Long-term liabilities

Certificates of Obligation

The City issues certificates of obligation to provide funds for the acquisition, construction and maintenance of major capital facilities. Certificates of obligation have been issued for business-type activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the government. Certificates of obligation outstanding at September 30, 2017 are as follows:

Business-Type Activities:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2007	\$ 17,000,000	2/15/2027	4.0-5.75	\$ 1,050,000
2009	1,935,000	2/15/2028	0.148-3.018	1,235,000
2010	3,705,000	2/15/2030	3.56	2,740,000
2011	3,205,000	2/15/2031	2.0-4.25	2,470,000
Total				<u>\$ 7,495,000</u>

The debt service requirements for the City's certificates of obligation are as follows:

<u>Year Ending September 30</u>	<u>Certificates of Obligation</u>	
	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,145,000	\$ 265,867
2019	740,000	238,170
2020	435,000	189,512
2021	445,000	176,352
2022	460,000	162,264
2023-2027	2,550,000	561,475
2028-2032	1,720,000	115,770
	<u>\$ 7,495,000</u>	<u>\$ 1,709,410</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition, construction and maintenance of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at September 30, 2017 are as follows:

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

K. Long-term liabilities (continued)

Governmental Activities:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2008	\$ 3,400,000	2/15/2028	3.79	\$ 2,215,000
2010 - Refunding	1,290,000	8/15/2020	2.25-4.0	260,000
2011	3,205,000	2/15/2031	2.0-4.25	2,470,000
2013	3,400,000	2/15/2033	2.75-4.0	2,920,000
2015 - Refunding	4,243,066	2/15/2045	3.0-5.0	3,839,317
2016 - Refunding	8,510,000	2/15/2036	2.0-3.0	8,035,000
Total				<u><u>\$ 19,739,317</u></u>

Business-type Activities:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2010 - Refunding	\$ 11,035,000	8/15/2020	2.25-4.0	\$ 2,355,000
2015 - Refunding	3,285,000	2/15/2025	3.0-5.0	2,495,000
2015 - Refunding	251,934	2/15/2026	3.0-5.0	210,683
2017 - Refunding	7,895,000	2/15/2027	2.29	7,895,000
Total				<u><u>\$ 12,955,683</u></u>

The debt service requirements for the City's general obligation bonds are as follows:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>			
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,280,847	\$ 622,263	\$ 1,469,153	\$ 372,382
2019	1,319,374	585,086	1,420,626	312,460
2020	1,362,900	546,744	1,792,100	263,319
2021	1,302,901	505,951	1,197,100	207,040
2022	1,346,426	466,093	1,218,573	173,690
2023-2027	7,111,869	1,617,205	5,858,131	354,981
2028-2032	3,530,000	696,639	-	-
2033-2037	1,610,000	270,495	-	-
2038-2042	515,000	117,026	-	-
2043-2045	360,000	20,626	-	-
	<u><u>\$ 19,739,317</u></u>	<u><u>\$ 5,448,128</u></u>	<u><u>\$ 12,955,683</u></u>	<u><u>\$ 1,683,872</u></u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

K. Long-term liabilities (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 outstanding at September 30, 2017 are as follows:

Business-Type Activities:

<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balances</u>
2007 - Refunding	\$ 7,000,000	8/15/2022	4.0-4.125	\$ 3,840,000
Total				<u>\$ 3,840,000</u>

The debt service requirements for the City's revenue bonds are as follows:

<u>Year Ending September 30</u>	<u>Revenue Bonds</u>	
	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 710,000	\$ 157,329
2019	735,000	128,929
2020	765,000	98,794
2021	800,000	67,238
2022	830,000	34,238
	<u>\$ 3,840,000</u>	<u>\$ 486,528</u>

Notes Payable

Notes payable currently outstanding and reported as liabilities of the City's governmental activities are:

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. As of September 30, 2017, the outstanding balance is \$448,607.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

K. Long-term liabilities (continued)

The City received a loan from Bauer Farms & Land, LLC for \$366,124 to fund the purchase of land in September 2016. The loan will be repaid in 20 semi-annual installments, with the first principal payment due in March 2017. Interest payments are to be made semi-annually beginning March 2017 at an interest rate of 4%. As of September 30, 2017, the outstanding balance is \$335,686.

The debt service requirements for the City's notes payable are as follows:

<u>Year Ending September 30</u>	<u>Notes Payable</u>	
	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 66,853	\$ 13,114
2019	68,132	11,834
2020	69,463	10,503
2021	70,848	9,119
2022	72,289	7,678
2023-2027	339,949	15,103
2028-2032	96,759	-
Total note payments	784,293	\$ 67,351
Unamortized discount	(117,386)	
Present value of note payments	<u>\$ 666,907</u>	

Line of Credit

The City has a nonrevolving line of credit from a local bank with a total authorized balance of \$1,158,000, of which \$87,464 is outstanding as of September 30, 2017. The line of credit matures May 19, 2018 with an interest rate of 5.00%.

Annual principal and interest requirements are as follows:

<u>Year Ending September 30</u>	<u>Line of Credit</u>	
	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 87,464	\$ 4,373
	<u>\$ 87,464</u>	<u>\$ 4,373</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

K. Long-term liabilities (continued)

Advance Refunding

The City issued \$7,895,000 in general obligation bonds with an interest rate of 2.29%. The proceeds were used to advance refund \$7,840,000 of outstanding 2007 Series certificates of obligation which had interest rates ranging from 4.00% to 5.75%. The net proceeds of \$7,924,624 (including a \$106,119 transfer from prior debt service funds, and payment of \$76,495 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the 2007 Series certificates of obligation are considered defeased and the liability for such portion of the bonds has been removed from the statement of net position. At September 30, 2017, \$0 of defeased bonds remain outstanding.

The City advance refunded 2007 Series certificates of obligation to reduce its total debt service payments over 11 years by \$914,514 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$798,250.

Compensated Absences

Compensated absences represent the estimated liability for employees' paid time off benefits for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Utility Operations Fund, Sanitation Fund, Emergency Medical Services Fund and nonmajor governmental funds based on the assignment of an employee at termination.

Net Pension Liability

The net pension liability represents the liability for employees' for projected pension benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service less the amount of the pension plan's fiduciary net position.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

K. Long-term liabilities (continued)

Changes in Long-Term Liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2017 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 21,028,692	\$ -	\$ (1,289,375)	\$ 19,739,317	\$ 1,280,847
Less deferred amounts:					
For issuance premium	1,071,257	-	(72,376)	998,881	-
Total bonds payable	22,099,949	-	(1,361,751)	20,738,198	1,280,847
Notes payable	849,918	-	(65,625)	784,293	66,853
Less discount on note payable	(134,442)	-	17,056	(117,386)	(16,128)
Line of credit	192,823	-	(105,359)	87,464	87,464
Capital leases	1,581,547	684,700	(603,396)	1,662,851	455,940
Compensated absences	1,820,432	1,343,573	(745,558)	2,418,447	449,317
Net pension liability	11,320,371	571,117	-	11,891,488	-
Governmental activity					
Long-term liabilities	<u>\$ 37,730,598</u>	<u>\$ 2,599,390</u>	<u>\$ (2,864,633)</u>	<u>\$ 37,465,355</u>	<u>\$ 2,324,293</u>

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

General obligation bonds, note payable, line of credit, and capital leases issued for governmental activity purposes are liquidated by the general debt service funds. Governmental compensated absences and net pension liability will be liquidated by the general fund and nonmajor governmental funds (hotel/motel occupancy fees and Corsicana/Navarro County economic development funds).

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

K. Long-term liabilities (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
Certificates of obligation	\$ 16,245,000	\$ -	\$ (8,750,000)	\$ 7,495,000	\$ 1,145,000
General obligation bonds	6,576,308	7,895,000	(1,515,625)	12,955,683	1,469,153
Revenue bonds	4,610,000	-	(770,000)	3,840,000	710,000
Less deferred amounts:					
For issuance discount	(65,517)	-	8,500	(57,017)	-
For issuance premium	565,451	-	(99,095)	466,356	-
Total bonds payable	<u>27,931,242</u>	<u>7,895,000</u>	<u>(11,126,220)</u>	<u>24,700,022</u>	<u>3,324,153</u>
Landfill closure	1,844,387	68,695	-	1,913,082	-
Capital leases	1,780,584	1,198,400	(593,662)	2,385,322	602,293
Compensated absences	765,486	637,497	(349,284)	1,053,699	195,764
Net pension liability	6,806,293	330,323	-	7,136,616	-
Business-type activity					
Long-term liabilities	<u>\$ 39,127,992</u>	<u>\$ 10,129,915</u>	<u>\$ (12,069,166)</u>	<u>\$ 37,188,741</u>	<u>\$ 4,122,210</u>

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

Certificates of obligations, general obligation bonds, revenue bonds, landfill closure, capital leases, compensated absences and net pension liability issued for business-type activities are repaid from those activities.

L. Fund Balance

Minimum fund balance policy. The City Council has adopted a financial policy to maintain a fund balance in the General Fund equal to twenty-five percent (25.0%) of the operating budget. The City will appropriate at least \$100,000 or one percent (1.0%) of each year's General Fund operating budget to a fund balance until the identified goal is met.

M. Interfund receivables and payables

The composition of interfund balances as of September 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 280,254
General	Utility Operations	25,000
		<u>\$ 305,254</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

N. Interfund transfers

The composition of interfund transfers as of September 30, 2017 is as follows:

	Transfer In:				Total
	General	Nonmajor Governmental	Utility Operations	Emergency Medical Services	
Transfer out:					
General	\$ -	\$ 650,000	\$ -	\$ 200,000	\$ 850,000
Nonmajor Governmental	3,055	772,571	1,012,482	-	1,788,108
Utility Operations	1,522,887	76,739	-	-	1,599,626
Sanitation	577,012	125,376	-	-	702,388
Total	\$ 2,102,954	\$ 1,624,686	\$ 1,012,482	\$ 200,000	\$ 4,940,122

Transfers are primarily used for::

- General fund to Nonmajor Governmental funds for subsidy for other programs in the City.
- General Fund to Emergency Medical Services fund for subsidy for ambulance services.
- Nonmajor Governmental funds to Utility Operations fund for subsidy of utility projects from donations to the Tax Increment Financing Fund and GO Bond proceeds.
- Utility Operations fund to General fund for subsidy for administrative expenditures and payment in lieu of franchise tax.
- Utility Operations fund to Nonmajor Governmental funds to recognize Utility Fund assets purchased with combined lease purchase proceeds.
- Sanitation fund to General fund for subsidy for administrative expenditures and payment in lieu of franchise tax.
- Sanitation fund to Nonmajor Governmental funds to recognize Sanitation Fund assets purchased with combined lease purchase proceeds.

O. 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's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

P. Related party

During the year, businesses owned by City employees provided services for the City in the amount of \$2,395.

Q. 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 \$1,913,082 reported to date is based on the use of 25.69 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$5,532,711 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2017. The landfill has an estimated remaining life of 100 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 10% of its estimated landfill closure costs be contributed and maintained in a separate cash or investment account. The Landfill Closure reserve is adequately funded with a balance of \$191,308 at September 30, 2017. 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.

R. Subsequent events

Subsequent to year end, the City:

- Approved the purchase of real property in the amount of \$1,100,000.
- Authorized a three year and a ten year capital lease/purchase financing contract for various vehicles, equipment and accessories not to exceed \$720,000 and \$675,000, respectively.
- Approved the issuance of general obligation refunding bonds in the amount of \$4,460,000, maturing February 15, 2038 with an interest rate of 2-4% for the refunding of the 2007 Waterworks and Sewer System Revenue Refunding Bonds and the 2008 GO bonds.
- Approved the issuance of combination tax and revenue certificates of obligation in the amount of \$1,810,000, maturing February 15, 2038 with an interest rate of 4%.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 2 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

S. Prior period adjustment

Corrections have been made to the governmental activities and business-type activities beginning net position in the government-wide financial statements and proprietary fund beginning net position in the fund financial statements due to the overstatement/understatement of deferred outflows of resources, overstatement/understatement of liabilities, overstatement/understatement of deferred inflows of resources and understatement of net position. The changes to the beginning net position as of October 1, 2016 are summarized as follows:

	Government-wide Financial Statements	
	Governmental Activities	Business-type Activities
As previously reported, October 1, 2016	\$ 44,016,498	\$ 30,482,708
Correct overstatement of changes in actuarial assumptions	5,110	(5,110)
Correct overstatement of pension contributions after measurement date	7,074	(7,074)
Correct overstatement of difference in projected and actual earnings on pension assets	20,490	(20,490)
Correct overstatement of compensated absences	239,458	100,716
Correct overstatement of net pension liability	(81,032)	81,032
Correct overstatement of difference in expected and actual pension experience	(1,688)	1,688
Restated, October 1, 2016	\$ 44,205,910	\$ 30,633,470
Effect of restatement on operations for the year ended September 30, 2016	\$ 189,412	\$ 150,762

	Fund Financial Statements		
	Utility Operations	Sanitation	Emergency Medical Services
As previously reported, October 1, 2016	\$ 29,025,316	\$ 3,314,466	\$ (1,857,074)
Correct overstatement of changes in actuarial assumptions	-	-	(5,110)
Correct overstatement of pension contributions after measurement date	-	-	(7,074)
Correct overstatement of difference in projected and actual earnings on pension assets	-	-	(20,490)
Correct overstatement of compensated absences	51,025	17,824	31,867
Correct overstatement of net pension liability	-	-	81,032
Correct overstatement of difference in expected and actual pension experience	-	-	1,688
Restated, October 1, 2016	\$ 29,076,341	\$ 3,332,290	\$ (1,775,161)
Effect of restatement on operations for the year ended September 30, 2016	\$ 51,025	\$ 17,824	\$ 81,913

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS

1. Texas Municipal Retirement System

A. Plan description

The City of Corsicana Texas participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

B. Benefits provided

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

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

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

1. Texas Municipal Retirement System (continued)

	Plan Provisions
Employee deposit rate	7%
Municipal current matching ratio	2 - 1
Updated service credits:	
Rate (%)	50 T
Year effective	2011R
Increase benefits to retirees:	
Rate (%) ⁽¹⁾	50
Year effective	2011R
Military service credit effective date	10-89
Vesting	5 yrs
Service retirement eligibilities	5 yrs/age 60, 20 yrs/any age
Restricted prior service credit effective date	1-96
Supplemental death benefits:	
Employees	Yes
Retirees	Yes
Statutory maximum (%)	Removed

⁽¹⁾ For years prior to 1982, the rate is the actual percentage in annuities. For 1982 and later, the rate is the percentage of the change in the CPI-U since retirement date, granted to each annuitant as an increase of the original annuity.

T — Includes Transfer Credits.

R — Annually Repeating. Ordinance automatically renews effective January 1 of each successive year.

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	148
Inactive employees entitled to but not yet receiving benefits	89
Active employees	182
	419

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

1. Texas Municipal Retirement System (continued)

C. Contributions

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

Employees for the City of Corsicana, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Corsicana, Texas were 16.18% and 14.00% in calendar years 2017 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$1,430,978, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

1. Texas Municipal Retirement System (continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

1. Texas Municipal Retirement System (continued)

Asset Class	Target Allocation	Long-Term Expected
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	\$51,288,258	\$41,537,128	\$ 9,751,130
Changes for the year:			
Service cost	1,321,047	-	1,321,047
Interest	3,427,059	-	3,427,059
Difference between expected and actual experience	125,722	-	125,722
Contributions - employer	-	1,226,436	(1,226,436)
Contributions - employee	-	613,218	(613,218)
Net investment income	-	2,807,235	(2,807,235)
Benefit payments, including refunds of employee contributions	(2,355,072)	(2,355,072)	-
Administrative expense	-	(31,703)	31,703
Other changes	-	(1,708)	1,708
Net Changes	<u>\$ 2,518,756</u>	<u>\$ 2,258,406</u>	<u>\$ 260,350</u>
Balance at 12/31/2016	<u>\$53,807,014</u>	<u>\$43,795,534</u>	<u>\$10,011,480</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

1. Texas Municipal Retirement System (continued)

Sensitivity of the net pension liability to changes in the discount rate -

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1.0% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1.0% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 17,303,163	\$ 10,011,480	\$ 4,004,238

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan - Legally required contributions outstanding at the end of the year totaled \$109,372.

E. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2017, the City recognized pension expense of \$2,166,663.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes in actuarial assumptions	\$ 398,420	\$ -
Contributions subsequent to the measurement date	1,055,816	-
Difference between projected and actual investment earnings	1,919,004	-
Differences between expected and actual economic experience	91,183	167,678
Total	\$ 3,464,423	\$ 167,678

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

1. Texas Municipal Retirement System (continued)

\$1,055,816 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	
2017	\$ 802,120
2018	845,218
2019	594,286
2020	(695)
Total	<u>\$ 2,240,929</u>

2. Corsicana Firefighter's Relief and Retirement Fund

A. Plan description

The City contributes to the retirement plan for firefighters in the Corsicana Fire Department known as the Corsicana Firemen's Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Corsicana Firemen's Relief and Retirement Fund. The city does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Corsicana Firemen's Relief and Retirement Fund at 200 N. 12th Street, Corsicana, Texas 75110. See that report for all information about the plan fiduciary net position.

B. Benefits provided

Firefighters in the Corsicana Fire Department are covered by the Corsicana Firemen's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service with 50% vesting after 10 years of service, grading to 100% with 20 years. Firefighters become eligible for normal service retirement at age 50 with 20 years of service. If a terminated firefighter has a vested benefit but is not eligible for normal retirement, he is entitled to a deferred benefit starting at age 55 with 10-15 years of service, age 54 with 16 years, age 53 with 17 years, age 52 with 18 years, age 51 with 19 years, and age 50 with 20 or more years. The present plan provides a monthly normal service retirement benefit, payable in a Joint and 75% to Spouse form of annuity, equal to 53% of Highest 60-Month Average Salary plus \$90 for each year of service in excess of 20.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

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

A retiring firefighter over age 51.5 with more than 21.5 years of service has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 60-Month Average Salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date he meets the age 51.5 and 21.5 years of service requirements and the date 36 months preceding the date he actually retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

C. Members covered by the fund

In the December 31, 2016 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	1
Active employees	65
	102

D. Funding policy

The contribution provisions of the Fund 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.

The funding policy of the Corsicana Firemen's Relief and Retirement Fund requires contributions equal to 14% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The city contributes 14% of payroll according to a city ordinance and has since 2007. The Fund's December 31, 2016 actuarial valuation includes the assumption that the city contribution rate will be 14% for at least as long as the UAAL amortization period. The costs of administering the plan are paid from the Fund assets.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

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

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending December 31, 2016, the money-weighted rate of return on pension plan investments was 3.64%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed city contribution rate together provide 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). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

E. Net Pension Liability

The City of Corsicana's net pension liability was measured as December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of December 31, 2016.

Total pension liability	\$17,360,940
Plan fiduciary net position	8,344,317
City's net pension liability	<u>\$ 9,016,623</u>

Plan fiduciary net position as a percentage of the total pension liability	48.1%
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Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0%, plus promotion, step and longevity increases that vary by service
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

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

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.03%) and by adding expected inflation (3%). In addition, the final 7% assumption was selected by "rounding down" and thereby reflects a reduction of 0.03% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities:		
Large cap domestic	26%	5.33%
Small/mid cap domestic	9%	5.83%
International developed	25%	5.83%
Emerging markets	5%	7.33%
Fixed Income:		
Domestic core	35%	0.83%
Cash	0%	0.00%
Total	100%	
Weighted Average		4.03%

Discount Rate

The discount rate used to measure the total pension liability was 7%. No projection of cash flows was used to determine the discount rate because the December 31, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 29 years. Because of the 29-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

CITY OF CORSICANA, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -

The following presents the net pension liability of the City of Corsicana, calculated using the discount rate of 7%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

	1.0% Decrease in Discount Rate (6%)	Discount Rate (7%)	1.0% Increase in Discount Rate (8%)
City's net pension liability	\$ 11,232,859	\$ 9,016,623	\$ 7,178,479

Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Payables to the Pension Plan - Legally required contributions outstanding at the end of the year totaled \$41,876.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Amounts as of September 30, 2016 ¹	\$16,528,138	\$ 8,121,618	\$ 8,406,520
Changes for the year:			
Service cost	556,948	-	556,948
Interest	1,238,557	-	1,238,557
Difference between expected and actual experience	(840,640)	-	(840,640)
Contributions - employer	-	546,329	(546,329)
Contributions - employee	-	546,261	(546,261)
Net investment income	-	294,255	(294,255)
Benefit payments	(1,141,978)	(1,141,978)	-
Administrative expense	-	(22,168)	22,168
Assumptions changes	990,888	-	990,888
Change of benefit provisions	29,027	-	29,027
Net Changes	<u>\$ 832,802</u>	<u>\$ 222,699</u>	<u>\$ 610,103</u>
Amounts as of September 30, 2017 ²	<u>\$17,360,940</u>	<u>\$ 8,344,317</u>	<u>\$ 9,016,623</u>

¹ Measurements for the fiscal year ended September 30, 2016 were taken as of December 31, 2015.

² Measurements for the fiscal year ended September 30, 2017 were taken as of December 31, 2016.

F. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2017, the city's GASB 68 pension expense was \$1,054,789. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

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

Components of Pension Expense for the Fiscal Year Ended September 30, 2017

Service cost	\$ 556,948
Interest	1,238,557
Firefighter contributions	(546,261)
Projected earnings on pension plan investments	(606,438)
Amortization of differences between projected and actual earnings on plan investments	340,206
Amortization of changes of assumptions	135,738
Amortization of differences between expected and actual experience	(115,156)
Pension plan administrative expenses	22,168
Changes of benefit provisions*	29,027
Total pension expense	<u>\$ 1,054,789</u>

Deferred Outflows of Resources and Deferred Inflows of Resources to Be Recognized in Pension Expense in Future Years

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Contributions subsequent to the measurement date	\$ 402,784	\$ -
Net difference between projected and actual investment earnings	964,846	-
Changes in actuarial assumptions	855,150	-
Differences between expected and actual experience	-	725,484
Total	<u>\$ 2,222,780</u>	<u>\$ 725,484</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30</u>	
2018	\$ 360,788
2019	360,788
2020	242,580
2021	83,018
2022	20,582
Thereafter	26,756
Total	<u>\$ 1,094,512</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 - DEFINED BENEFIT PENSION PLANS (continued)

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

\$402,784, the total of the contributions by the City to the Fund contributed subsequent to the measurement date of the net pension liability, December 31, 2016, through September 30, 2017 is a deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2018.

NOTE 4 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

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 (CAFR) that can be obtained at www.tmrs.com.

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

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

The City's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$22,092, \$20,409 and \$19,384, respectively, which equaled the required contributions each year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORSICANA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last 10 Calendar Years (will ultimately be displayed)

	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 1,166,449	\$ 1,267,264	\$ 1,321,047
Interest (on the Total Pension Liability)	3,198,111	3,337,570	3,427,059
Difference between expected and actual experience	(387,823)	(117,414)	125,722
Changes of assumptions	-	831,486	-
Benefit payments, including refunds of employee contributions	(1,916,569)	(2,153,179)	(2,355,072)
Net Change in Total Pension Liability	2,060,168	3,165,727	2,518,756
Total Pension Liability - Beginning	46,062,363	48,122,531	51,288,258
Total Pension Liability - Ending (a)	\$48,122,531	\$51,288,258	\$53,807,014
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,188,150	\$ 1,245,047	\$ 1,226,436
Contributions - Employee	591,961	622,079	613,218
Net Investment Income	2,270,579	61,680	2,807,235
Benefit payments, including refunds of employee contributions	(1,916,569)	(2,153,179)	(2,355,072)
Administrative Expense	(23,707)	(37,569)	(31,703)
Other	(1,949)	(1,856)	(1,708)
Net Change in Plan Fiduciary Net Position	2,108,465	(263,798)	2,258,406
Plan Fiduciary Net Position - Beginning	39,692,461	41,800,926	41,537,128
Plan Fiduciary Net Position - Ending (b)	\$41,800,926	\$41,537,128	\$43,795,534
Net Pension Liability - Ending (a) - (b)	\$ 6,321,605	\$ 9,751,130	\$10,011,480
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.86%	80.99%	81.39%
Covered Employee Payroll	8,456,582	8,886,844	8,760,258
Net Pension Liability as a Percentage of Covered Employee Payroll	74.75%	109.73%	114.28%

Notes to Schedule:

N/A

CITY OF CORSICANA, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last 10 Fiscal Years (will ultimately be displayed)

	2015	2016	2017
Actuarially Determined Contribution	\$ 1,194,803	\$ 1,205,524	\$ 1,430,978
Contributions in relation to the actuarially determined contribution	<u>1,194,803</u>	<u>1,205,524</u>	<u>1,430,978</u>
Contribution deficiency (excess)	-	-	-
Covered employee payroll	8,522,039	8,609,078	9,205,170
Contributions as a percentage of covered employee payroll	14.02%	14.00%	15.55%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

CITY OF CORSICANA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CORSICANA FIREMEN'S RELIEF AND RETIREMENT FUND
Last 10 Fiscal Years ¹ (will ultimately be displayed)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability			
Service Cost	\$ 519,873	\$ 538,114	\$ 556,948
Interest (on the Total Pension Liability)	1,135,753	1,185,805	1,238,557
Changes of benefit provisions	-	-	29,027
Difference between expected and actual experience	-	-	(840,640)
Changes of assumptions	-	-	990,888
Benefit payments	(1,076,197)	(936,812)	(1,141,978)
Net Change in Total Pension Liability	<u>579,429</u>	<u>787,107</u>	<u>832,802</u>
Total Pension Liability - Beginning	15,161,602 ²	15,741,031	16,528,138
Total Pension Liability - Ending (a)	<u>\$ 15,741,031</u>	<u>\$ 16,528,138</u> ³	<u>\$ 17,360,940</u>
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 509,659	\$ 555,435	\$ 546,329
Contributions - Employee	509,550	555,332	546,261
Net Investment Income	22,056	(180,420)	294,255
Benefit payments	(1,076,197)	(936,812)	(1,141,978)
Administrative Expense	(13,081)	(33,535)	(22,168)
Net Change in Plan Fiduciary Net Position	<u>(48,013)</u>	<u>(40,000)</u>	<u>222,699</u>
Plan Fiduciary Net Position - Beginning	8,209,631	8,161,618	8,121,618
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,161,618</u>	<u>\$ 8,121,618</u>	<u>\$ 8,344,317</u>
 Net Pension Liability - Ending (a) - (b)	\$ 7,579,413	\$ 8,406,520	\$ 9,016,623
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	51.8%	49.1%	48.1%
 Covered Employee Payroll⁴	3,639,643	3,966,657	3,901,864
 Net Pension Liability as a Percentage of Covered Employee Payroll	208.2%	211.9%	231.1%

Notes to Schedule:

¹ Until a full 10-year trend is compiled, only available information is shown. The measurement date is December 31, nine months prior to the fiscal year end. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

² Determined from the ending total pension liability as of December 31, 2014, using the roll back procedure allowed for the initial year of implementing GASB 68.

³ Determined from the beginning of year total pension liability, using the roll forward procedure allowed for GASB 68.

⁴ Contributions by the firefighters divided by their contribution rate.

CITY OF CORSICANA, TEXAS
SCHEDULE OF CONTRIBUTIONS
CORSICANA FIREMEN'S RELIEF AND RETIREMENT FUND
Last 10 Fiscal Years (will ultimately be displayed)

	2015	2016	2017
Actuarially Determined Contribution	\$ 517,209	\$ 559,302	\$ 549,907
Contributions in relation to the actuarially determined contribution	<u>517,209</u>	<u>559,302</u>	<u>549,907</u>
Contribution deficiency (excess)	-	-	-
Covered employee payroll	3,694,350	3,995,014	3,927,908
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated biennial as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation 3.00%
Salary Increases 3.00%, plus promotion, step and longevity increases that vary by service
Investment Rate of Return 7.00%, net of pension plan investment expense, including inflation
Mortality RP2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.

Other Information:

None

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

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.

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

Nonmajor Governmental Funds (continued)

SPECIAL REVENUE FUNDS (continued)

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

The *380 Agreement Retained Funds* fund was created to account for the 380 agreement funds that are being retained by the City.

The *Economic Development Recovery* fund was created to account tax abatement recovery funds. It is intended to be used to bring new businesses to Corsicana to replace those that were lost.

The *Street Maintenance and Reconstruction* fund was created to account for funds specifically designated for maintaining streets within each precinct of the City of Corsicana.

The *FEMA Grant* fund was created to account for grant funds for the repair and maintenance of the Lake Halbert Spillway.

Nonmajor Governmental Funds (continued)

SPECIAL REVENUE FUNDS (continued)

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

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

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 *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 *2015 General Obligation* fund is used to account for resources designated for the following general related projects: street and drainage improvements. Sources for funds are proceeds from the sale of General Obligation bonds.

The *2016 General Obligation* fund is used to account for resources designated for the following general related projects: street and drainage improvements. Sources for funds are proceeds from the sale of General Obligation bonds.

The *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 to ten year period.

The *Public Safety* fund was created to separately account for funds transferred from the General Fund and expended for renovations to the fire stations.

The *Public Works* fund was created to separately account for funds received and expended for infrastructure improvements within the City.

The *Tax Increment Reinvestment Zone* fund was created to separately account for funds received and expended within the City's Tax Increment Reinvestment Zone.

CITY OF CORSICANA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2017

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,497,019	\$ 2,057,190	\$ 4,554,209
Receivables (net of allowance for uncollectibles)	361,430	-	361,430
Due from other governments	794	19,898	20,692
Inventories	27,875	-	27,875
Prepaid items	14,674	27,096	41,770
Total assets	<u>\$ 2,901,792</u>	<u>\$ 2,104,184</u>	<u>\$ 5,005,976</u>
LIABILITIES			
Accounts payable	\$ 160,496	\$ 286,536	\$ 447,032
Accrued payroll payable	15,047	-	15,047
Due to other funds	36,119	244,135	280,254
Total liabilities	<u>211,662</u>	<u>530,671</u>	<u>742,333</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-other	164,581	-	164,581
Total deferred inflows of resources	<u>164,581</u>	<u>-</u>	<u>164,581</u>
FUND BALANCES			
Nonspendable:			
Inventories	27,875	-	27,875
Prepaid items	14,674	-	14,674
Restricted:			
Tourism	132,358	-	132,358
Economic development	1,498,013	-	1,498,013
Municipal court	260,441	-	260,441
Police	61,451	-	61,451
Fire	6,607	-	6,607
Cemetery	87,218	-	87,218
Airport	65,383	-	65,383
Parks and recreation	202,896	-	202,896
Other purposes	126,805	-	126,805
Capital projects	-	1,685,254	1,685,254
Committed:			
Streets	41,828	-	41,828
Assigned:			
Public works	-	47,891	47,891
Unassigned	-	(159,632)	(159,632)
Total fund balances	<u>2,525,549</u>	<u>1,573,513</u>	<u>4,099,062</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,901,792</u>	<u>\$ 2,104,184</u>	<u>\$ 5,005,976</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended September 30, 2017

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ -	\$ 149,546	\$ 149,546
Hotel occupancy taxes	556,176	-	556,176
Fines and forfeitures	128,600	-	128,600
Charges for current services	1,215,227	-	1,215,227
Investment earnings	10,382	14,805	25,187
Miscellaneous	128,004	-	128,004
Intergovernmental	41,898	195,338	237,236
Contributions and donations	413,613	-	413,613
Total revenues	<u>2,493,900</u>	<u>359,689</u>	<u>2,853,589</u>
EXPENDITURES			
Current:			
General government	970,643	-	970,643
Judicial	107,145	-	107,145
Public safety	77,055	-	77,055
Public works	1,386,550	-	1,386,550
Cultural and recreational	472,241	-	472,241
Debt service:			
Principal retirement	135,093	-	135,093
Interest and fiscal charges	121,176	-	121,176
Capital outlay:			
General government	-	7,743	7,743
Public safety	-	635,929	635,929
Public works	-	2,937,480	2,937,480
Cultural and recreational	-	44,785	44,785
Building and vehicle maintenance	-	3,044	3,044
Total expenditures	<u>3,269,903</u>	<u>3,628,981</u>	<u>6,898,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(776,003)</u>	<u>(3,269,292)</u>	<u>(4,045,295)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	653,850	974,686	1,628,536
Transfers out	(3,850)	(1,788,108)	(1,791,958)
Capital leases	-	684,700	684,700
Sale of capital assets	80	-	80
Total other financing sources (uses)	<u>650,080</u>	<u>(128,722)</u>	<u>521,358</u>
Net change in fund balances	(125,923)	(3,398,014)	(3,523,937)
Fund balances - beginning, as restated	<u>2,651,472</u>	<u>4,971,527</u>	<u>7,622,999</u>
Fund balances - ending	<u>\$ 2,525,549</u>	<u>\$ 1,573,513</u>	<u>\$ 4,099,062</u>

CITY OF CORSICANA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2017

	Hotel/Motel Occupancy Fees	Airport Operating	Cemetery	Forfeitures	Parks/ Recreation	Parks/ Recreation Special Events	Library	Corsicana/ Navarro County Economic Development
ASSETS								
Cash and cash equivalents	\$ 144,770	\$ 57,352	\$ 89,780	\$ 28,196	\$ 200,395	\$ 4,480	\$ 28,319	\$ 264,702
Receivables (net of allowance for uncollectibles)	250,571	13,180	-	-	-	-	-	9,278
Due from other governments	-	-	-	-	-	-	-	-
Inventories	-	27,875	-	-	-	-	-	-
Prepaid items	778	1,143	238	295	-	-	264	2,744
Total assets	<u>\$ 396,119</u>	<u>\$ 99,550</u>	<u>\$ 90,018</u>	<u>\$ 28,491</u>	<u>\$ 200,395</u>	<u>\$ 4,480</u>	<u>\$ 28,583</u>	<u>\$ 276,724</u>
LIABILITIES								
Accounts payable	\$ 89,679	\$ 5,149	\$ 2,144	\$ 1,401	\$ 1,979	\$ -	\$ 1,076	\$ 12,891
Accrued payroll payable	8,723	-	418	-	-	-	-	5,906
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>98,402</u>	<u>5,149</u>	<u>2,562</u>	<u>1,401</u>	<u>1,979</u>	<u>-</u>	<u>1,076</u>	<u>18,797</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-other	164,581	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>164,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable:								
Inventories	-	27,875	-	-	-	-	-	-
Prepaid items	778	1,143	238	295	-	-	264	2,744
Restricted:								
Tourism	132,358	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	255,183
Municipal court	-	-	-	-	-	-	-	-
Police	-	-	-	26,795	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Cemetery	-	-	87,218	-	-	-	-	-
Airport	-	65,383	-	-	-	-	-	-
Parks and recreation	-	-	-	-	198,416	4,480	-	-
Other purposes	-	-	-	-	-	-	27,243	-
Committed:								
Streets	-	-	-	-	-	-	-	-
Total fund balances	<u>133,136</u>	<u>94,401</u>	<u>87,456</u>	<u>27,090</u>	<u>198,416</u>	<u>4,480</u>	<u>27,507</u>	<u>257,927</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 396,119</u>	<u>\$ 99,550</u>	<u>\$ 90,018</u>	<u>\$ 28,491</u>	<u>\$ 200,395</u>	<u>\$ 4,480</u>	<u>\$ 28,583</u>	<u>\$ 276,724</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2017

	Police	Community Support Services	Fire	Palace Theatre	Police LEOSE	Senior Activity Center	Court Technology	Court Security
ASSETS								
Cash and cash equivalents	\$ 33,231	\$ 8,530	\$ 6,607	\$ 2,363	\$ 1,420	\$ 45,108	\$ 76,565	\$ 130,478
Receivables (net of allowance for uncollectibles)	-	-	-	1,417	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepaid items	3,000	-	-	-	-	-	6,212	-
Total assets	<u>\$ 36,231</u>	<u>\$ 8,530</u>	<u>\$ 6,607</u>	<u>\$ 3,780</u>	<u>\$ 1,420</u>	<u>\$ 45,108</u>	<u>\$ 82,777</u>	<u>\$ 130,478</u>
LIABILITIES								
Accounts payable	\$ 97	\$ -	\$ -	\$ 1,520	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>97</u>	<u>-</u>	<u>-</u>	<u>1,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-other	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable:								
Inventories	-	-	-	-	-	-	-	-
Prepaid items	3,000	-	-	-	-	-	6,212	-
Restricted:								
Tourism	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Municipal court	-	-	-	-	-	-	76,565	130,478
Police	33,134	-	-	-	1,420	-	-	-
Fire	-	-	6,607	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Other purposes	-	8,530	-	2,260	-	45,108	-	-
Committed:								
Streets	-	-	-	-	-	-	-	-
Total fund balances	<u>36,134</u>	<u>8,530</u>	<u>6,607</u>	<u>2,260</u>	<u>1,420</u>	<u>45,108</u>	<u>82,777</u>	<u>130,478</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,231</u>	<u>\$ 8,530</u>	<u>\$ 6,607</u>	<u>\$ 3,780</u>	<u>\$ 1,420</u>	<u>\$ 45,108</u>	<u>\$ 82,777</u>	<u>\$ 130,478</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2017

	<u>Corsicana Crossing</u>	<u>Court Fines - Street Improvement</u>	<u>Court Fines - Judicial</u>	<u>Court Fines - Child Safety</u>	<u>TP&W Grant Athletic Complex</u>	<u>380 Agreement Retained Funds</u>	<u>Economic Development Recovery</u>	<u>Street Maintenance and Reconstruction</u>
ASSETS								
Cash and cash equivalents	\$ 73,431	\$ 3,471	\$ 48,961	\$ 966	\$ 5,651	\$ 807,020	\$ 396,681	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-	86,907
Due from other governments	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 73,431</u>	<u>\$ 3,471</u>	<u>\$ 48,961</u>	<u>\$ 966</u>	<u>\$ 5,651</u>	<u>\$ 807,020</u>	<u>\$ 396,681</u>	<u>\$ 86,907</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,302	\$ 8,960
Accrued payroll payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	36,119
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,302</u>	<u>45,079</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-other	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable:								
Inventories	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Restricted:								
Tourism	-	-	-	-	-	-	-	-
Economic development	73,431	-	-	-	-	807,020	362,379	-
Municipal court	-	3,471	48,961	966	-	-	-	-
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	5,651	-	-	-
Committed:								
Streets	-	-	-	-	-	-	-	41,828
Total fund balances	<u>73,431</u>	<u>3,471</u>	<u>48,961</u>	<u>966</u>	<u>5,651</u>	<u>807,020</u>	<u>362,379</u>	<u>41,828</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 73,431</u>	<u>\$ 3,471</u>	<u>\$ 48,961</u>	<u>\$ 966</u>	<u>\$ 5,651</u>	<u>\$ 807,020</u>	<u>\$ 396,681</u>	<u>\$ 86,907</u>

CITY OF CORSICANA, TEXAS
 COMBINING BALANCE SHEET (concluded)
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2017

	FEMA Grant	GIS Project	Animal Shelter Building Donations	Police Seizures	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ 37,998	\$ 15	\$ 529	\$ 2,497,019
Receivables (net of allowance for uncollectibles)	-	-	-	77	361,430
Due from other governments	794	-	-	-	794
Inventories	-	-	-	-	27,875
Prepaid items	-	-	-	-	14,674
Total assets	<u>\$ 794</u>	<u>\$ 37,998</u>	<u>\$ 15</u>	<u>\$ 606</u>	<u>\$ 2,901,792</u>
LIABILITIES					
Accounts payable	\$ 794	\$ -	\$ -	\$ 504	\$ 160,496
Accrued payroll payable	-	-	-	-	15,047
Due to other funds	-	-	-	-	36,119
Total liabilities	<u>794</u>	<u>-</u>	<u>-</u>	<u>504</u>	<u>211,662</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-other	-	-	-	-	164,581
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,581</u>
FUND BALANCES					
Nonspendable:					
Inventories	-	-	-	-	27,875
Prepaid items	-	-	-	-	14,674
Restricted:					
Tourism	-	-	-	-	132,358
Economic development	-	-	-	-	1,498,013
Municipal court	-	-	-	-	260,441
Police	-	-	-	102	61,451
Fire	-	-	-	-	6,607
Cemetery	-	-	-	-	87,218
Airport	-	-	-	-	65,383
Parks and recreation	-	-	-	-	202,896
Other purposes	-	37,998	15	-	126,805
Committed:					
Streets	-	-	-	-	41,828
Total fund balances	<u>-</u>	<u>37,998</u>	<u>15</u>	<u>102</u>	<u>2,525,549</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 794</u>	<u>\$ 37,998</u>	<u>\$ 15</u>	<u>\$ 606</u>	<u>\$ 2,901,792</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Fiscal Year Ended September 30, 2017

	Hotel/Motel Occupancy Fees	Airport Operating	Cemetery	Forfeitures	Parks/ Recreation	Parks/ Recreation Special Events	Library	Corsicana/ Navarro County Economic Development
REVENUES								
Hotel occupancy taxes	\$ 556,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	10,105	-	-	-	-
Charges for current services	-	235,887	4,456	-	-	-	-	129,934
Investment earnings	503	156	564	114	669	21	104	1,083
Other revenue	28,581	2,000	61,803	-	31,384	-	-	79
Intergovernmental	-	34,000	-	-	-	-	2,227	-
Contributions and donations	4,507	-	-	-	165,086	-	45,397	85,237
Total revenues	<u>589,767</u>	<u>272,043</u>	<u>66,823</u>	<u>10,219</u>	<u>197,139</u>	<u>21</u>	<u>47,728</u>	<u>216,333</u>
EXPENDITURES								
Current:								
General government	579,433	-	183,214	-	-	-	-	173,694
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	6,896	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Cultural and recreational	-	272,860	-	-	78,038	316	36,057	-
Debt service:								
Principal retirement	45,486	23,591	-	-	-	-	-	66,016
Interest and fiscal charges	7,566	476	-	-	-	-	-	113,134
Total expenditures	<u>632,485</u>	<u>296,927</u>	<u>183,214</u>	<u>6,896</u>	<u>78,038</u>	<u>316</u>	<u>36,057</u>	<u>352,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,718)</u>	<u>(24,884)</u>	<u>(116,391)</u>	<u>3,323</u>	<u>119,101</u>	<u>(295)</u>	<u>11,671</u>	<u>(136,511)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	20,000	75,000	-	30,000	3,850	-	126,766
Transfers out	(3,850)	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	80	-	-	-	-
Total other financing sources (uses)	<u>(3,850)</u>	<u>20,000</u>	<u>75,000</u>	<u>80</u>	<u>30,000</u>	<u>3,850</u>	<u>-</u>	<u>126,766</u>
Net change in fund balances	(46,568)	(4,884)	(41,391)	3,403	149,101	3,555	11,671	(9,745)
Fund balances - beginning	179,704	99,285	128,847	23,687	49,315	925	15,836	267,672
Fund balances - ending	<u>\$ 133,136</u>	<u>\$ 94,401</u>	<u>\$ 87,456</u>	<u>\$ 27,090</u>	<u>\$ 198,416</u>	<u>\$ 4,480</u>	<u>\$ 27,507</u>	<u>\$ 257,927</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Fiscal Year Ended September 30, 2017

	Police	Community Support Services	Fire	Palace Theatre	Police LEOSE	Senior Activity Center	Court Technology	Court Security
REVENUES								
Hotel occupancy taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	11,129	8,352
Charges for current services	-	-	-	-	-	-	-	-
Investment earnings	80	40	28	24	16	215	351	592
Other revenue	-	-	-	4,157	-	-	-	-
Intergovernmental	-	-	742	-	4,135	-	-	-
Contributions and donations	72,136	-	2,000	6,000	-	-	-	-
Total revenues	<u>72,216</u>	<u>40</u>	<u>2,770</u>	<u>10,181</u>	<u>4,151</u>	<u>215</u>	<u>11,480</u>	<u>8,944</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	9,042	195
Public safety	57,260	-	3,053	-	9,846	-	-	-
Public works	-	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	11,677	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>57,260</u>	<u>-</u>	<u>3,053</u>	<u>11,677</u>	<u>9,846</u>	<u>-</u>	<u>9,042</u>	<u>195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,956</u>	<u>40</u>	<u>(283)</u>	<u>(1,496)</u>	<u>(5,695)</u>	<u>215</u>	<u>2,438</u>	<u>8,749</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	14,956	40	(283)	(1,496)	(5,695)	215	2,438	8,749
Fund balances - beginning	<u>21,178</u>	<u>8,490</u>	<u>6,890</u>	<u>3,756</u>	<u>7,115</u>	<u>44,893</u>	<u>80,339</u>	<u>121,729</u>
Fund balances - ending	<u>\$ 36,134</u>	<u>\$ 8,530</u>	<u>\$ 6,607</u>	<u>\$ 2,260</u>	<u>\$ 1,420</u>	<u>\$ 45,108</u>	<u>\$ 82,777</u>	<u>\$ 130,478</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Fiscal Year Ended September 30, 2017

	Corsicana Crossing	Court Fines - Street Improvement	Court Fines - Judicial	Court Fines - Child Safety	TP&W Grant Athletic Complex	380 Agreement Retained Funds	Economic Development Recovery	Street Maintenance and Reconstruction
REVENUES								
Hotel occupancy taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	93,971	3,793	1,250	-	-	-	-
Charges for current services	-	-	-	-	-	-	-	844,950
Investment earnings	337	459	212	10	354	1,611	1,098	1,564
Other revenue	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-	33,250
Total revenues	<u>337</u>	<u>94,430</u>	<u>4,005</u>	<u>1,260</u>	<u>354</u>	<u>1,611</u>	<u>1,098</u>	<u>879,764</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	34,302	-
Judicial	-	92,972	2,436	2,500	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	1,386,550
Cultural and recreational	-	-	-	-	72,499	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>92,972</u>	<u>2,436</u>	<u>2,500</u>	<u>72,499</u>	<u>-</u>	<u>34,302</u>	<u>1,386,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>337</u>	<u>1,458</u>	<u>1,569</u>	<u>(1,240)</u>	<u>(72,145)</u>	<u>1,611</u>	<u>(33,204)</u>	<u>(506,786)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	398,234	-	-
Transfers out	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>398,234</u>	<u>-</u>	<u>-</u>
Net change in fund balances	337	1,458	1,569	(1,240)	(72,145)	399,845	(33,204)	(506,786)
Fund balances - beginning	73,094	2,013	47,392	2,206	77,796	407,175	395,583	548,614
Fund balances - ending	<u>\$ 73,431</u>	<u>\$ 3,471</u>	<u>\$ 48,961</u>	<u>\$ 966</u>	<u>\$ 5,651</u>	<u>\$ 807,020</u>	<u>\$ 362,379</u>	<u>\$ 41,828</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (concluded)
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Fiscal Year Ended September 30, 2017

	FEMA Grant	GIS Project	Animal Shelter Building Donations	Police Seizures	Totals
REVENUES					
Hotel occupancy taxes	\$ -	\$ -	\$ -	\$ -	\$ 556,176
Fines and forfeitures	-	-	-	-	128,600
Charges for current services	-	-	-	-	1,215,227
Investment earnings	-	175	1	1	10,382
Other revenue	-	-	-	-	128,004
Intergovernmental	794	-	-	-	41,898
Contributions and donations	-	-	-	-	413,613
Total revenues	<u>794</u>	<u>175</u>	<u>1</u>	<u>1</u>	<u>2,493,900</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	970,643
Judicial	-	-	-	-	107,145
Public safety	-	-	-	-	77,055
Public works	-	-	-	-	1,386,550
Cultural and recreational	794	-	-	-	472,241
Debt service:					
Principal retirement	-	-	-	-	135,093
Interest and fiscal charges	-	-	-	-	121,176
Total expenditures	<u>794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,269,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>175</u>	<u>1</u>	<u>1</u>	<u>(776,003)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	653,850
Transfers out	-	-	-	-	(3,850)
Sale of capital assets	-	-	-	-	80
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,080</u>
Net change in fund balances	-	175	1	1	(125,923)
Fund balances - beginning	<u>-</u>	<u>37,823</u>	<u>14</u>	<u>101</u>	<u>2,651,472</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 37,998</u>	<u>\$ 15</u>	<u>\$ 102</u>	<u>\$ 2,525,549</u>

CITY OF CORSICANA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2017

	2011	2013	2015	2016	Capital	Public	Public	Tax	Total
	General	General	General	General	Lease/	Safety	Works	Increment	
	Obligation	Obligation	Obligation	Obligation	Purchase	Safety	Works	Reinvestment	Zone
	Obligation	Obligation	Obligation	Obligation	Purchase	Safety	Works	Zone	Total
ASSETS									
Cash and cash equivalents	\$ 15,152	\$ 175,808	\$ 290,729	\$ 963,862	\$ 450,884	\$48,692	\$27,560	\$ 84,503	\$2,057,190
Due from other governments	-	-	-	-	-	800	19,098	-	19,898
Prepaid items	-	-	-	-	27,096	-	-	-	27,096
Total assets	<u>\$ 15,152</u>	<u>\$ 175,808</u>	<u>\$ 290,729</u>	<u>\$ 963,862</u>	<u>\$ 477,980</u>	<u>\$49,492</u>	<u>\$46,658</u>	<u>\$ 84,503</u>	<u>\$2,104,184</u>
LIABILITIES									
Accounts payable	\$ -	\$ 23,893	\$ 142,133	\$ 117,251	\$ -	\$ 1,601	\$ 1,658	\$ -	\$ 286,536
Due to other funds	-	-	-	-	-	-	-	244,135	244,135
Total liabilities	<u>-</u>	<u>23,893</u>	<u>142,133</u>	<u>117,251</u>	<u>-</u>	<u>1,601</u>	<u>1,658</u>	<u>244,135</u>	<u>530,671</u>
FUND BALANCES									
Restricted:									
Capital projects	15,152	151,915	148,596	846,611	477,980	-	45,000	-	1,685,254
Assigned:									
Capital projects	-	-	-	-	-	47,891	-	-	47,891
Unassigned									
Total fund balances	<u>15,152</u>	<u>151,915</u>	<u>148,596</u>	<u>846,611</u>	<u>477,980</u>	<u>47,891</u>	<u>45,000</u>	<u>(159,632)</u>	<u>1,573,513</u>
Total liabilities and fund balances	<u>\$ 15,152</u>	<u>\$ 175,808</u>	<u>\$ 290,729</u>	<u>\$ 963,862</u>	<u>\$ 477,980</u>	<u>\$49,492</u>	<u>\$46,658</u>	<u>\$ 84,503</u>	<u>\$2,104,184</u>

CITY OF CORSICANA, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For the Fiscal Year Ended September 30, 2017

	2011	2013	2015	2016	Capital	Public	Public	Tax	Total
	General	General	General	General	Lease/	Safety	Works	Reinvestment	
	Obligation	Obligation	Obligation	Obligation	Purchase			Zone	
REVENUES									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,546	\$ 149,546
Investment earnings	30	85	1,715	10,710	1,260	887	-	118	14,805
Intergovernmental	-	-	-	-	-	800	19,098	175,440	195,338
Total revenues	<u>30</u>	<u>85</u>	<u>1,715</u>	<u>10,710</u>	<u>1,260</u>	<u>1,687</u>	<u>19,098</u>	<u>325,104</u>	<u>359,689</u>
EXPENDITURES									
Capital outlay:									
General government	-	-	-	-	7,743	-	-	-	7,743
Public safety	360	-	-	-	622,941	12,628	-	-	635,929
Public works	372	-	218,093	2,268,638	187,540	-	19,098	243,739	2,937,480
Cultural and recreational	-	-	-	-	44,785	-	-	-	44,785
Building and vehicle maintenance	-	-	-	-	3,044	-	-	-	3,044
Total expenditures	<u>732</u>	<u>-</u>	<u>218,093</u>	<u>2,268,638</u>	<u>866,053</u>	<u>12,628</u>	<u>19,098</u>	<u>243,739</u>	<u>3,628,981</u>
∞ Excess (deficiency) of revenues over (under) expenditures	<u>(702)</u>	<u>85</u>	<u>(216,378)</u>	<u>(2,257,928)</u>	<u>(864,793)</u>	<u>(10,941)</u>	<u>-</u>	<u>81,365</u>	<u>(3,269,292)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	974,686	-	-	-	974,686
Transfers out	-	-	(989,950)	-	(798,158)	-	-	-	(1,788,108)
Capital leases	-	-	-	-	684,700	-	-	-	684,700
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(989,950)</u>	<u>-</u>	<u>861,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,722)</u>
Net change in fund balances	(702)	85	(1,206,328)	(2,257,928)	(3,565)	(10,941)	-	81,365	(3,398,014)
Fund balances - beginning	15,854	151,830	1,354,924	3,104,539	481,545	58,832	45,000	(240,997)	4,971,527
Fund balances - ending	<u>\$ 15,152</u>	<u>\$ 151,915</u>	<u>\$ 148,596</u>	<u>\$ 846,611</u>	<u>\$ 477,980</u>	<u>\$47,891</u>	<u>\$45,000</u>	<u>\$ (159,632)</u>	<u>\$ 1,573,513</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - HOTEL/MOTEL OCCUPANCY FEES
For the Fiscal Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Hotel occupancy taxes	\$ 480,000	\$ 480,000	\$ 556,176	\$ 76,176
Investment earnings	200	200	503	303
Other revenue	30,000	30,000	28,581	(1,419)
Contributions and donations	10,000	10,000	4,507	(5,493)
Total revenues	<u>520,200</u>	<u>520,200</u>	<u>589,767</u>	<u>69,567</u>
EXPENDITURES				
Current:				
General government	534,466	560,817	579,433	18,616
Debt service:				
Principal retirement	45,556	45,556	45,486	(70)
Interest and fiscal charges	7,574	7,574	7,566	(8)
Total expenditures	<u>587,596</u>	<u>613,947</u>	<u>632,485</u>	<u>18,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,396)</u>	<u>(93,747)</u>	<u>(42,718)</u>	<u>51,029</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,850)	(3,850)	(3,850)	-
Total other financing sources (uses)	<u>(3,850)</u>	<u>(3,850)</u>	<u>(3,850)</u>	<u>-</u>
Net change in fund balances	(71,246)	(97,597)	(46,568)	51,029
Fund balances - beginning	<u>168,866</u>	<u>168,866</u>	<u>179,704</u>	<u>10,838</u>
Fund balances - ending	<u>\$ 97,620</u>	<u>\$ 71,269</u>	<u>\$ 133,136</u>	<u>\$ 61,867</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - AIRPORT OPERATING
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Charges for current services	\$ 269,430	\$ 235,887	\$ (33,543)
Investment earnings	-	156	156
Other revenue	-	2,000	2,000
Intergovernmental	25,000	34,000	9,000
Total revenues	<u>294,430</u>	<u>272,043</u>	<u>(22,387)</u>
EXPENDITURES			
Current:			
Cultural and recreational	362,185	272,860	(89,325)
Debt service:			
Principal retirement	12,414	23,591	11,177
Interest and fiscal charges	12,698	476	(12,222)
Total expenditures	<u>387,297</u>	<u>296,927</u>	<u>(90,370)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(92,867)</u>	<u>(24,884)</u>	<u>67,983</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	20,000	-
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	(72,867)	(4,884)	67,983
Fund balances - beginning	<u>76,293</u>	<u>99,285</u>	<u>22,992</u>
Fund balances - ending	<u><u>\$ 3,426</u></u>	<u><u>\$ 94,401</u></u>	<u><u>\$ 90,975</u></u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - CEMETERY
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Charges for current services	\$ 3,750	\$ 4,456	\$ 706
Investment earnings	250	564	314
Other revenue	64,875	61,803	(3,072)
Total revenues	<u>68,875</u>	<u>66,823</u>	<u>(2,052)</u>
EXPENDITURES			
Current:			
General government	192,616	183,214	(9,402)
Total expenditures	<u>192,616</u>	<u>183,214</u>	<u>(9,402)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(123,741)</u>	<u>(116,391)</u>	<u>7,350</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	75,000	75,000	-
Total other financing sources (uses)	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Net change in fund balances	(48,741)	(41,391)	7,350
Fund balances - beginning	<u>134,533</u>	<u>128,847</u>	<u>(5,686)</u>
Fund balances - ending	<u>\$ 85,792</u>	<u>\$ 87,456</u>	<u>\$ 1,664</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - FORFEITURES
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Fines and forfeitures	\$ 5,000	\$ 10,105	\$ 5,105
Investment earnings	-	114	114
Total revenues	<u>5,000</u>	<u>10,219</u>	<u>5,219</u>
EXPENDITURES			
Current:			
Public safety	9,500	6,896	(2,604)
Total expenditures	<u>9,500</u>	<u>6,896</u>	<u>(2,604)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,500)</u>	<u>3,323</u>	<u>7,823</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	80	80
Total other financing sources (uses)	<u>-</u>	<u>80</u>	<u>80</u>
Net change in fund balances	(4,500)	3,403	7,903
Fund balances - beginning	<u>23,738</u>	<u>23,687</u>	<u>(51)</u>
Fund balances - ending	<u>\$ 19,238</u>	<u>\$ 27,090</u>	<u>\$ 7,852</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - PARKS/RECREATION
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 669	\$ 669
Other revenue	-	31,384	31,384
Contributions and donations	36,850	165,086	128,236
Total revenues	<u>36,850</u>	<u>197,139</u>	<u>160,289</u>
EXPENDITURES			
Current:			
Cultural and recreational	68,700	78,038	9,338
Total expenditures	<u>68,700</u>	<u>78,038</u>	<u>9,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,850)</u>	<u>119,101</u>	<u>150,951</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	30,000	30,000	-
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balances	(1,850)	149,101	150,951
Fund balances - beginning	<u>45,062</u>	<u>49,315</u>	<u>4,253</u>
Fund balances - ending	<u>\$ 43,212</u>	<u>\$ 198,416</u>	<u>\$ 155,204</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - PARKS/RECREATION SPECIAL EVENTS
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 21	\$ 21
Contributions and donations	500	-	(500)
Total revenues	<u>500</u>	<u>21</u>	<u>(479)</u>
EXPENDITURES			
Current:			
Cultural and recreational	5,195	316	(4,879)
Total expenditures	<u>5,195</u>	<u>316</u>	<u>(4,879)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,695)</u>	<u>(295)</u>	<u>4,400</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,850	3,850	-
Total other financing sources (uses)	<u>3,850</u>	<u>3,850</u>	<u>-</u>
Net change in fund balances	(845)	3,555	4,400
Fund balances - beginning	<u>919</u>	<u>925</u>	<u>6</u>
Fund balances - ending	<u>\$ 74</u>	<u>\$ 4,480</u>	<u>\$ 4,406</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - LIBRARY
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 104	\$ 104
Intergovernmental	1,500	2,227	727
Contributions and donations	13,750	45,397	31,647
Total revenues	<u>15,250</u>	<u>47,728</u>	<u>32,478</u>
EXPENDITURES			
Current:			
Cultural and recreational	15,235	36,057	20,822
Total expenditures	<u>15,235</u>	<u>36,057</u>	<u>20,822</u>
Net change in fund balances	15	11,671	11,656
Fund balances - beginning	<u>16,162</u>	<u>15,836</u>	<u>(326)</u>
Fund balances - ending	<u>\$ 16,177</u>	<u>\$ 27,507</u>	<u>\$ 11,330</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND -
CORSICANA/NAVARRO COUNTY ECONOMIC DEVELOPMENT
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Charges for current services	\$ 85,845	\$ 129,934	\$ 44,089
Investment earnings	200	1,083	883
Other revenue	-	79	79
Contributions and donations	85,207	85,237	30
Total revenues	<u>171,252</u>	<u>216,333</u>	<u>45,081</u>
EXPENDITURES			
Current:			
General government	592,137	173,694	(418,443)
Debt service:			
Principal retirement	35,674	66,016	30,342
Interest and fiscal charges	98,802	113,134	14,332
Total expenditures	<u>726,613</u>	<u>352,844</u>	<u>(373,769)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(555,361)</u>	<u>(136,511)</u>	<u>418,850</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	525,000	126,766	(398,234)
Total other financing sources (uses)	<u>525,000</u>	<u>126,766</u>	<u>(398,234)</u>
Net change in fund balances	(30,361)	(9,745)	20,616
Fund balances - beginning	<u>34,632</u>	<u>267,672</u>	<u>233,040</u>
Fund balances - ending	<u>\$ 4,271</u>	<u>\$ 257,927</u>	<u>\$ 253,656</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - POLICE
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 80	\$ 80
Contributions and donations	500	72,136	71,636
Total revenues	<u>500</u>	<u>72,216</u>	<u>71,716</u>
EXPENDITURES			
Current:			
Public safety	10,690	57,260	46,570
Total expenditures	<u>10,690</u>	<u>57,260</u>	<u>46,570</u>
Net change in fund balances	(10,190)	14,956	25,146
Fund balances - beginning	<u>17,188</u>	<u>21,178</u>	<u>3,990</u>
Fund balances - ending	<u>\$ 6,998</u>	<u>\$ 36,134</u>	<u>\$ 29,136</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - COMMUNITY SUPPORT SERVICES
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 40	\$ 40
Total revenues	<u>-</u>	<u>40</u>	<u>40</u>
EXPENDITURES			
Current:			
Community support services	1,500	-	(1,500)
Total expenditures	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Net change in fund balances	(1,500)	40	1,540
Fund balances - beginning	<u>8,494</u>	<u>8,490</u>	<u>(4)</u>
Fund balances - ending	<u><u>\$ 6,994</u></u>	<u><u>\$ 8,530</u></u>	<u><u>\$ 1,536</u></u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - FIRE
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 28	\$ 28
Intergovernmental	650	742	92
Contributions and donations	-	2,000	2,000
Total revenues	<u>650</u>	<u>2,770</u>	<u>2,120</u>
EXPENDITURES			
Current:			
Public safety	<u>2,075</u>	<u>3,053</u>	<u>978</u>
Total expenditures	<u>2,075</u>	<u>3,053</u>	<u>978</u>
Net change in fund balances	(1,425)	(283)	1,142
Fund balances - beginning	<u>6,393</u>	<u>6,890</u>	<u>497</u>
Fund balances - ending	<u>\$ 4,968</u>	<u>\$ 6,607</u>	<u>\$ 1,639</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - PALACE THEATRE
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 24	\$ 24
Other revenue	3,500	4,157	657
Contributions and donations	6,000	6,000	-
Total revenues	<u>9,500</u>	<u>10,181</u>	<u>681</u>
EXPENDITURES			
Current:			
Cultural and recreational	9,500	11,677	2,177
Total expenditures	<u>9,500</u>	<u>11,677</u>	<u>2,177</u>
Net change in fund balances	-	(1,496)	(1,496)
Fund balances - beginning	<u>3,402</u>	<u>3,756</u>	<u>354</u>
Fund balances - ending	<u>\$ 3,402</u>	<u>\$ 2,260</u>	<u>\$ (1,142)</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - POLICE LEOSE
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 16	\$ 16
Intergovernmental	3,500	4,135	635
Total revenues	<u>3,500</u>	<u>4,151</u>	<u>651</u>
EXPENDITURES			
Current:			
Public safety	7,000	9,846	2,846
Total expenditures	<u>7,000</u>	<u>9,846</u>	<u>2,846</u>
Net change in fund balances	(3,500)	(5,695)	(2,195)
Fund balances - beginning	<u>7,114</u>	<u>7,115</u>	<u>1</u>
Fund balances - ending	<u>\$ 3,614</u>	<u>\$ 1,420</u>	<u>\$ (2,194)</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - SENIOR ACTIVITY CENTER
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ 100	\$ 215	\$ 115
Total revenues	<u>100</u>	<u>215</u>	<u>115</u>
EXPENDITURES			
Current:			
Community support services	10,000	-	(10,000)
Total expenditures	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balances	(9,900)	215	10,115
Fund balances - beginning	<u>44,910</u>	<u>44,893</u>	<u>(17)</u>
Fund balances - ending	<u><u>\$ 35,010</u></u>	<u><u>\$ 45,108</u></u>	<u><u>\$ 10,098</u></u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - COURT TECHNOLOGY
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Fines and forfeitures	\$ 9,900	\$ 11,129	\$ 1,229
Investment earnings	135	351	216
Total revenues	<u>10,035</u>	<u>11,480</u>	<u>1,445</u>
EXPENDITURES			
Current:			
Judicial	<u>13,318</u>	<u>9,042</u>	<u>(4,276)</u>
Total expenditures	<u>13,318</u>	<u>9,042</u>	<u>(4,276)</u>
Net change in fund balances	(3,283)	2,438	5,721
Fund balances - beginning	<u>81,539</u>	<u>80,339</u>	<u>(1,200)</u>
Fund balances - ending	<u>\$ 78,256</u>	<u>\$ 82,777</u>	<u>\$ 4,521</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - COURT SECURITY
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Fines and forfeitures	\$ 7,450	\$ 8,352	\$ 902
Investment earnings	250	592	342
Total revenues	<u>7,700</u>	<u>8,944</u>	<u>1,244</u>
EXPENDITURES			
Current:			
Judicial	<u>12,499</u>	<u>195</u>	<u>(12,304)</u>
Total expenditures	<u>12,499</u>	<u>195</u>	<u>(12,304)</u>
Net change in fund balances	(4,799)	8,749	13,548
Fund balances - beginning	<u>121,656</u>	<u>121,729</u>	<u>73</u>
Fund balances - ending	<u>\$ 116,857</u>	<u>\$ 130,478</u>	<u>\$ 13,621</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - CORSICANA CROSSING
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ 150	\$ 337	\$ 187
Total revenues	<u>150</u>	<u>337</u>	<u>187</u>
EXPENDITURES			
Current:			
Public works	50,000	-	(50,000)
Total expenditures	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balances	(49,850)	337	50,187
Fund balances - beginning	<u>73,116</u>	<u>73,094</u>	<u>(22)</u>
Fund balances - ending	<u><u>\$ 23,266</u></u>	<u><u>\$ 73,431</u></u>	<u><u>\$ 50,165</u></u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - COURT FINES - STREET IMPROVEMENTS
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Fines and forfeitures	\$ 100,000	\$ 93,971	\$ (6,029)
Investment earnings	600	459	(141)
Total revenues	<u>100,600</u>	<u>94,430</u>	<u>(6,170)</u>
EXPENDITURES			
Current:			
Judicial	<u>100,418</u>	<u>92,972</u>	<u>(7,446)</u>
Total expenditures	<u>100,418</u>	<u>92,972</u>	<u>(7,446)</u>
Net change in fund balances	182	1,458	1,276
Fund balances - beginning	<u>6,802</u>	<u>2,013</u>	<u>(4,789)</u>
Fund balances - ending	<u>\$ 6,984</u>	<u>\$ 3,471</u>	<u>\$ (3,513)</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - COURT FINES - JUDICIAL
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Fines and forfeitures	\$ 3,350	\$ 3,793	\$ 443
Investment earnings	75	212	137
Total revenues	<u>3,425</u>	<u>4,005</u>	<u>580</u>
EXPENDITURES			
Current:			
Judicial	<u>14,000</u>	<u>2,436</u>	<u>(11,564)</u>
Total expenditures	<u>14,000</u>	<u>2,436</u>	<u>(11,564)</u>
Net change in fund balances	(10,575)	1,569	12,144
Fund balances - beginning	<u>47,328</u>	<u>47,392</u>	<u>64</u>
Fund balances - ending	<u>\$ 36,753</u>	<u>\$ 48,961</u>	<u>\$ 12,208</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - COURT FINES - CHILD SAFETY
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Fines and forfeitures	\$ 1,350	\$ 1,250	\$ (100)
Investment earnings	-	10	10
Total revenues	<u>1,350</u>	<u>1,260</u>	<u>(90)</u>
EXPENDITURES			
Current:			
Judicial	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Net change in fund balances	(1,150)	(1,240)	(90)
Fund balances - beginning	<u>2,251</u>	<u>2,206</u>	<u>(45)</u>
Fund balances - ending	<u>\$ 1,101</u>	<u>\$ 966</u>	<u>\$ (135)</u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - TP&W GRANT ATHLETIC COMPLEX
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 354	\$ 354
Total revenues	<u>-</u>	<u>354</u>	<u>354</u>
EXPENDITURES			
Current:			
Cultural and recreational	50,000	72,499	22,499
Total expenditures	<u>50,000</u>	<u>72,499</u>	<u>22,499</u>
Net change in fund balances	(50,000)	(72,145)	(22,145)
Fund balances - beginning	<u>54,461</u>	<u>77,796</u>	<u>23,335</u>
Fund balances - ending	<u><u>\$ 4,461</u></u>	<u><u>\$ 5,651</u></u>	<u><u>\$ 1,190</u></u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - 380 AGREEMENT RETAINED FUNDS
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ 750	\$ 1,611	\$ 861
Total revenues	<u>750</u>	<u>1,611</u>	<u>861</u>
EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>750</u>	<u>1,611</u>	<u>861</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>398,234</u>	<u>398,234</u>
Total other financing sources (uses)	<u>-</u>	<u>398,234</u>	<u>398,234</u>
Net change in fund balances	750	399,845	399,095
Fund balances - beginning	<u>413,050</u>	<u>407,175</u>	<u>(5,875)</u>
Fund balances - ending	<u><u>\$ 413,800</u></u>	<u><u>\$ 807,020</u></u>	<u><u>\$ 393,220</u></u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - ECONOMIC DEVELOPMENT RECOVERY
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Investment earnings	\$ -	\$ 1,098	\$ 1,098
Total revenues	<u>-</u>	<u>1,098</u>	<u>1,098</u>
EXPENDITURES			
Current:			
General government	-	34,302	34,302
Total expenditures	<u>-</u>	<u>34,302</u>	<u>34,302</u>
Net change in fund balances	-	(33,204)	(33,204)
Fund balances - beginning	<u>395,686</u>	<u>395,583</u>	<u>(103)</u>
Fund balances - ending	<u><u>\$ 395,686</u></u>	<u><u>\$ 362,379</u></u>	<u><u>\$ (33,307)</u></u>

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - STREET MAINTENANCE AND RECONSTRUCTION
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Charges for current services	\$ 853,000	\$ 844,950	\$ (8,050)
Investment earnings	1,500	1,564	64
Contributions and donations	-	33,250	33,250
Total revenues	<u>854,500</u>	<u>879,764</u>	<u>25,264</u>
EXPENDITURES			
Current:			
Public works	1,415,000	1,386,550	(28,450)
Total expenditures	<u>1,415,000</u>	<u>1,386,550</u>	<u>(28,450)</u>
Net change in fund balances	(560,500)	(506,786)	53,714
Fund balances - beginning	<u>667,961</u>	<u>548,614</u>	<u>(119,347)</u>
Fund balances - ending	<u>\$ 107,461</u>	<u>\$ 41,828</u>	<u>\$ (65,633)</u>

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.

CITY OF CORSICANA, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Over (Under) Budget
REVENUES			
Property taxes	\$ 2,376,724	\$ 2,444,180	\$ 67,456
Investment earnings	300	959	659
Other revenue	-	2,372	2,372
Total revenues	<u>2,377,024</u>	<u>2,447,511</u>	<u>70,487</u>
EXPENDITURES			
Debt service:			
Principal retirement	1,640,277	1,648,622	8,345
Interest and fiscal charges	744,661	742,834	(1,827)
Total expenditures	<u>2,384,938</u>	<u>2,391,456</u>	<u>6,518</u>
Net change in fund balances	(7,914)	56,055	63,969
Fund balances - beginning	<u>40,616</u>	<u>144,852</u>	<u>104,236</u>
Fund balances - ending	<u>\$ 32,702</u>	<u>\$ 200,907</u>	<u>\$ 168,205</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, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND - UTILITY OPERATIONS
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
Operating revenues:					
Service charges	\$ 16,130,150	\$ 15,586,610	\$ 30,687	\$ 15,617,297	\$ (512,853)
Penalty	215,000	206,713	-	206,713	(8,287)
Other	36,620	40,681	-	40,681	4,061
Total operating revenues	<u>16,381,770</u>	<u>15,834,004</u>	<u>30,687</u>	<u>15,864,691</u>	<u>(517,079)</u>
Operating expenses:					
Sampling and analysis	492,587	481,273	(68,189)	413,084	(79,503)
Overland WWTP	414,438	401,291	(135,087)	266,204	(148,234)
Wastewater reclamation center	1,749,417	1,306,124	(26,361)	1,279,763	(469,654)
Navarro Mills plant	2,760,764	2,397,264	(136,633)	2,260,631	(500,133)
Lake Halbert plant	923,222	761,030	(70,693)	690,337	(232,885)
Utility system maintenance	2,725,886	2,015,988	(4,362)	2,011,626	(714,260)
Utility line replacement	646,894	1,439,525	(18,983)	1,420,542	773,648
Utility billing	466,655	492,743	(44,841)	447,902	(18,753)
Non-departmental	759,575	180,014	-	180,014	(579,561)
Depreciation	-	1,884,596	(1,884,596)	-	-
Total operating expenses	<u>10,939,438</u>	<u>11,359,848</u>	<u>(2,389,745)</u>	<u>8,970,103</u>	<u>(1,969,335)</u>
Operating income	5,442,332	4,474,156	2,420,432	6,894,588	1,452,256
Nonoperating revenue (expenses):					
Intergovernmental	-	1,694	-	1,694	1,694
Investment earnings	2,750	9,261	-	9,261	6,511
Gain (Loss) on disposal of assets	5,000	(30,942)	35,473	4,531	(469)
Interest and fiscal charges	(4,509,345)	(907,600)	(3,251,827)	(4,159,427)	349,918
Bond issuance costs	-	(76,495)	-	(76,495)	(76,495)
Total nonoperating revenue (expenses)	<u>(4,501,595)</u>	<u>(1,004,082)</u>	<u>(3,216,354)</u>	<u>(4,220,436)</u>	<u>281,159</u>
Income (loss) before contributions and transfers	940,737	3,470,074	(795,922)	2,674,152	1,733,415
Capital contributions	-	1,040,715	(984,961)	55,754	55,754
Transfer in	-	1,012,482	(22,531)	989,951	989,951
Transfer out	(1,513,571)	(1,599,626)	(209,661)	(1,809,287)	(295,716)
Change in net position	(572,834)	3,923,645	(2,013,075)	1,910,570	2,483,404
Total net position - beginning, as restated	3,317,083	29,076,341	-	29,076,341	25,759,258
Total net position - ending	<u>\$ 2,744,249</u>	<u>\$32,999,986</u>	<u>\$(2,013,075)</u>	<u>\$30,986,911</u>	<u>\$ 28,242,662</u>

CITY OF CORSICANA, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND - SANITATION
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
Operating revenues:					
Service charges	\$3,746,500	\$3,964,945	\$ 6,936	\$3,971,881	\$ 225,381
Other	19,575	17,389	-	17,389	(2,186)
Total operating revenues	<u>3,766,075</u>	<u>3,982,334</u>	<u>6,936</u>	<u>3,989,270</u>	<u>223,195</u>
Operating expenses:					
Landfill operations	1,114,132	434,580	(85,374)	349,206	(764,926)
Contract collections	900,000	921,991	-	921,991	21,991
Bulk solid waste pickup	541,613	1,283,828	(802,760)	481,068	(60,545)
Non-departmental	21,400	21,264	-	21,264	(136)
Depreciation	-	340,359	(340,359)	-	-
Total operating expenses	<u>2,577,145</u>	<u>3,002,022</u>	<u>(1,228,493)</u>	<u>1,773,529</u>	<u>(803,616)</u>
Operating income	1,188,930	980,312	1,235,429	2,215,741	1,026,811
Nonoperating revenue (expenses):					
Investment earnings	2,160	3,879	-	3,879	1,719
Gain on disposal of assets	-	144,220	-	144,220	144,220
Interest and fiscal charges	(343,266)	(38,580)	(415,562)	(454,142)	(110,876)
Total nonoperating revenue (expenses)	<u>(341,106)</u>	<u>109,519</u>	<u>(415,562)</u>	<u>(306,043)</u>	<u>35,063</u>
Income before transfers	847,824	1,089,831	819,867	1,909,698	1,061,874
Transfer out	<u>(569,463)</u>	<u>(702,388)</u>	<u>(786,624)</u>	<u>(1,489,012)</u>	<u>(919,549)</u>
Change in net position	278,361	387,443	33,243	420,686	142,325
Total net position - beginning, as restated	<u>3,513,499</u>	<u>3,332,290</u>	<u>-</u>	<u>3,332,290</u>	<u>(181,209)</u>
Total net position - ending	<u>\$3,791,860</u>	<u>\$3,719,733</u>	<u>\$ 33,243</u>	<u>\$3,752,976</u>	<u>\$ (38,884)</u>

CITY OF CORSICANA, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
ENTERPRISE FUND - EMERGENCY MEDICAL SERVICES
For the Fiscal Year Ended September 30, 2017

	Original and Final Budgeted Amounts	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
Operating revenues:					
Service charges	\$2,501,000	\$ 2,795,002	\$ (293,963)	\$ 2,501,039	\$ 39
Service charges - intergovernmental	294,000	-	294,000	294,000	-
Other	2,750	66,318	-	66,318	63,568
Total operating revenues	<u>2,797,750</u>	<u>2,861,320</u>	<u>37</u>	<u>2,861,357</u>	<u>63,607</u>
Operating expenses:					
Emergency medical services	3,188,681	3,239,357	(293,237)	2,946,120	(242,561)
Non-departmental	21,165	25,607	-	25,607	4,442
Depreciation	145,000	157,079	-	157,079	12,079
Total operating expenses	<u>3,354,846</u>	<u>3,422,043</u>	<u>(293,237)</u>	<u>3,128,806</u>	<u>(226,040)</u>
Operating income (loss)	(557,096)	(560,723)	293,274	(267,449)	289,647
Nonoperating revenue (expenses):					
Intergovernmental	400,000	504,944	-	504,944	104,944
Investment earnings	200	162	-	162	(38)
Gain on disposal of assets	-	15,756	-	15,756	15,756
Interest and fiscal charges	(10,495)	(423)	(10,072)	(10,495)	-
Total nonoperating revenue (expenses)	<u>389,705</u>	<u>520,439</u>	<u>(10,072)</u>	<u>510,367</u>	<u>120,662</u>
Income (loss) before transfers	(167,391)	(40,284)	283,202	242,918	410,309
Transfer in	200,000	200,000	-	200,000	-
Change in net position	32,609	159,716	283,202	442,918	410,309
Total net position - beginning, as restated	611,694	(1,775,161)	-	(1,775,161)	(2,386,855)
Total net position - ending	<u>\$ 644,303</u>	<u>\$(1,615,445)</u>	<u>\$ 283,202</u>	<u>\$(1,332,243)</u>	<u>\$ (1,976,546)</u>

STATISTICAL SECTION

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 City's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	130-134
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	135-138
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	139-142
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	143-144
Operating Information <i>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.</i>	145-147

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$40,704,695	\$36,515,350	\$37,993,856	\$35,062,030	\$41,315,063	\$40,990,194	\$41,570,801	\$44,233,994	\$45,756,066	\$45,436,934
Restricted	6,805	476,945	464,482	6,161,057	3,538,602	6,187,752	4,123,119	287,398	2,227,592	2,642,079
Unrestricted	2,495,040	3,644,985	4,085,878	3,208,988	695,653	(339,366)	3,255,640	242,026	(3,777,748)	(4,860,258)
Total governmental activities net position	<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>	<u>\$48,949,560</u>	<u>\$44,763,418</u>	<u>\$44,205,910</u>	<u>\$43,218,755</u>
Business-type activities										
Net investment in capital assets	\$15,973,129	\$16,790,974	\$15,020,985	\$19,227,378	\$19,585,921	\$23,022,166	\$24,274,258	\$28,352,433	\$32,264,793	\$38,624,251
Restricted	1,333,557	2,148,310	1,563,587	1,625,875	1,626,296	1,646,643	1,660,084	1,042,449	934,127	963,143
Unrestricted	872,990	1,525,421	7,900,782	5,515,563	3,986,963	2,593,190	2,724,112	(2,413,077)	(2,565,450)	(4,483,120)
Total business-type activities net position	<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>	<u>\$28,658,454</u>	<u>\$26,981,805</u>	<u>\$30,633,470</u>	<u>\$35,104,274</u>
Primary government										
Net investment in capital assets	\$56,677,824	\$53,306,324	\$53,014,841	\$54,289,408	\$60,900,984	\$64,012,360	\$65,845,059	\$72,586,427	\$78,020,859	\$84,061,185
Restricted	1,340,362	2,625,255	2,028,069	7,786,932	5,164,898	7,834,395	5,783,203	1,329,847	3,161,719	3,605,222
Unrestricted	3,368,030	5,170,406	11,986,660	8,724,551	4,682,616	2,253,824	5,979,752	(2,171,051)	(6,343,198)	(9,343,378)
Total primary government net position	<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>	<u>\$77,608,014</u>	<u>\$71,745,223</u>	<u>\$74,839,380</u>	<u>\$78,323,029</u>

Source: Comprehensive Annual Financial Report

Note: The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General government	\$ 4,222,680	\$ 3,429,018	\$ 3,271,011	\$ 3,241,304	\$ 3,492,349	\$ 3,428,726	\$ 4,292,718	\$ 3,298,549	\$ 2,784,969	\$ 2,825,532
Judicial	-	378,397	383,638	386,193	430,353	439,868	415,245	438,625	531,183	658,221
Public safety	8,010,253	8,073,287	8,209,523	8,201,461	8,123,848	8,137,238	8,108,969	8,744,400	9,388,690	9,777,706
Community support services	2,795,635	1,191,459	453,387	968,287	663,869	1,679,358	534,337	895,261	515,566	522,514
Public works	6,857,387	4,714,312	3,204,745	3,352,434	4,084,541	3,201,281	3,037,206	4,221,379	4,786,855	5,255,798
Cultural and recreational	-	2,176,559	1,768,084	2,007,750	2,067,844	1,953,716	2,039,772	2,193,046	2,353,565	2,412,918
Building and vehicle maintenance	-	673,726	591,613	792,991	638,517	574,845	608,363	482,805	451,202	488,138
Interest on long-term debt	467,423	697,648	619,762	578,780	682,394	776,903	673,765	726,296	765,951	719,760
Total Governmental Activities	22,353,378	21,334,406	18,501,763	19,529,200	20,183,715	20,191,935	19,710,375	21,000,361	21,577,981	22,660,587
Business-type Activities:										
Utility operations	11,574,461	10,430,444	10,545,545	10,634,345	13,585,948	10,949,139	11,503,228	10,778,885	12,204,997	12,343,943
Sanitation	2,670,527	2,555,538	2,474,798	2,727,912	3,101,112	2,610,537	2,637,125	2,654,619	2,862,410	3,040,602
Emergency medical services	3,717,276	1,784,212	1,903,164	2,023,114	2,188,651	2,335,385	5,786,377	6,749,335	2,581,997	3,422,466
Total Business-type Activities	17,962,264	14,770,194	14,923,507	15,385,371	18,875,711	15,895,061	19,926,730	20,182,839	17,649,404	18,807,011
Total Expenses	\$ 40,315,642	\$ 36,104,600	\$ 33,425,270	\$ 34,914,571	\$ 39,059,426	\$ 36,086,996	\$ 39,637,105	\$ 41,183,200	\$ 39,227,385	\$ 41,467,598
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 861,361	\$ 250,875	\$ 190,281	\$ 178,740	\$ 204,762	\$ 193,017	\$ 195,053	\$ 461,659	\$ 163,424	\$ 268,603
Judicial	-	-	-	-	-	-	4,029	3,889	-	-
Public safety	146,731	736,490	719,602	583,310	602,704	620,291	626,745	517,706	423,888	439,494
Community support services	255,961	147,850	231,413	194,534	201,412	252,413	208,632	208,389	349,988	294,911
Public works	121,601	257,783	247,461	355,585	342,709	395,133	366,670	10,387	842,467	858,251
Cultural and recreational	-	40,671	31,984	33,199	32,454	35,920	36,352	49,637	291,049	279,228
Operating grants and contributions	719,494	860,023	1,136,614	1,085,095	820,299	1,770,791	1,953,146	778,129	468,043	704,816
Capital grants and contributions	136,137	933,426	754,742	1,049,889	528,122	749,503	317,777	2,000,997	102,030	52,348
Total Governmental Activities	2,241,285	3,227,118	3,312,097	3,480,352	2,732,462	4,017,068	3,708,404	4,030,793	2,640,889	2,897,651
Business-type Activities:										
Charges for services:										
Utility operations	11,911,140	12,947,466	14,160,281	15,294,834	14,286,280	14,703,547	14,038,278	15,227,616	15,691,253	15,834,004
Sanitation	3,189,739	3,079,968	3,185,505	3,209,777	3,411,064	3,358,419	3,533,135	3,561,216	3,869,133	3,982,334
Emergency medical services	4,337,662	2,030,719	3,077,210	1,702,719	1,945,569	2,062,901	5,409,269	6,052,389	2,645,266	2,861,320
Operating grants and contributions	-	-	-	521	8,983	11,083	-	879,834	468,230	506,638
Capital grants and contributions	-	84,434	22,578	312,250	58,560	35,531	131,146	-	70,730	1,040,715
Total Business-type Activities	19,438,541	18,142,587	20,445,574	20,520,101	19,710,456	20,171,481	23,111,828	25,721,055	22,744,612	24,225,011
Total Program Revenues	\$ 21,679,826	\$ 21,369,705	\$ 23,757,671	\$ 24,000,453	\$ 22,442,918	\$ 24,188,549	\$ 26,820,232	\$ 29,751,848	\$ 25,385,501	\$ 27,122,662
Net (Expense)/Revenue										
Governmental Activities	\$(20,112,093)	\$(18,107,288)	\$(15,189,666)	\$(16,048,848)	\$(17,451,253)	\$(16,174,867)	\$(16,001,971)	\$(16,969,568)	\$(18,937,092)	\$(19,762,936)
Business-type Activities	1,476,277	3,372,393	5,522,067	5,134,730	834,745	4,276,420	3,185,098	5,538,216	5,095,208	5,418,000
Total Net Expense	\$(18,635,816)	\$(14,734,895)	\$(9,667,599)	\$(10,914,118)	\$(16,616,508)	\$(11,898,447)	\$(12,816,873)	\$(11,431,352)	\$(13,841,884)	\$(14,344,936)

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues										
Governmental Activities:										
Property taxes	\$ 6,819,390	\$ 7,483,973	\$ 7,514,547	\$ 7,660,066	\$ 7,828,414	\$ 8,173,945	\$ 7,463,669	\$ 7,860,959	\$ 8,109,922	\$ 8,305,309
Sales taxes	5,306,960	5,034,621	4,996,997	5,195,660	5,522,784	5,789,582	6,019,571	6,163,208	6,359,457	6,497,484
Franchise taxes	2,292,672	2,128,682	1,965,427	2,109,086	2,085,066	1,971,939	2,021,723	2,124,384	2,017,440	2,053,150
Hotel occupancy taxes	646,998	374,282	348,217	361,052	396,481	399,656	455,671	556,702	472,337	556,176
Alcoholic beverage taxes	29,791	33,497	32,355	30,631	31,811	33,885	43,850	45,814	48,679	46,782
Investment earnings	317,278	51,104	14,755	36,850	21,873	18,019	12,655	10,551	29,487	51,291
Gain on sale of capital assets	-	-	97,730	(52,154)	17,632	(113,028)	41,436	(180,473)	5,568	16,282
Miscellaneous	195,822	188,131	191,176	393,800	310,857	229,050	123,535	165,499	190,370	159,775
Transfers in/out	1,470,122	1,573,145	1,581,995	2,201,716	2,351,240	1,260,277	1,930,841	2,278,510	1,335,328	1,089,532
Total Governmental Activities	17,079,033	16,867,435	16,743,199	17,936,707	18,566,158	17,763,325	18,112,951	19,025,154	18,568,588	18,775,781
Business-type Activities:										
Investment earnings	649,677	25,027	17,891	31,468	19,339	12,336	3,868	2,108	6,169	13,302
Gain on sale of capital assets	-	-	-	52,718	40,784	6,073	50,761	11,228	26,940	129,034
Miscellaneous	-	-	-	-	-	-	87,570	91,371	-	-
Transfers in/out	(1,470,122)	(1,573,145)	(1,581,995)	(2,201,716)	(2,351,240)	(1,260,277)	(1,930,841)	(2,278,510)	(1,335,328)	(1,089,532)
Total Business-type Activities	(820,445)	(1,548,118)	(1,564,104)	(2,117,530)	(2,291,117)	(1,241,868)	(1,788,642)	(2,173,803)	(1,302,219)	(947,196)
Total primary government	\$ 16,258,588	\$ 15,319,317	\$ 15,179,095	\$ 15,819,177	\$ 16,275,041	\$ 16,521,457	\$ 16,324,309	\$ 16,851,351	\$ 17,266,369	\$ 17,828,585
Change in Net Position										
Governmental Activities	\$ (3,033,060)	\$ (1,239,853)	\$ 1,553,533	\$ 1,887,859	\$ 1,114,905	\$ 1,588,458	\$ 2,110,980	\$ 2,055,586	\$ (368,504)	\$ (987,155)
Business-type Activities	655,832	1,824,275	3,957,963	3,017,200	(1,456,372)	3,034,552	1,396,456	3,364,413	3,792,989	4,470,804
Total Change in Net Position	\$ (2,377,228)	\$ 584,422	\$ 5,511,496	\$ 4,905,059	\$ (341,467)	\$ 4,623,010	\$ 3,507,436	\$ 5,419,999	\$ 3,424,485	\$ 3,483,649

Source: Comprehensive Annual Financial Report

Note: The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	\$ 52,350	\$ 24,103	\$ 38,409	\$ 51,166	\$ 57,494	\$ 55,572	\$ 58,924	\$ 80,272	\$ 106,705	\$ 114,162
Assigned	-	-	-	1,140,271	743,888	1,178,248	80,000	80,000	82,018	83,546
Unassigned	1,897,060	1,820,851	3,074,774	3,423,887	3,873,916	4,692,009	6,486,647	5,917,339	4,500,302	5,144,505
Total general fund	<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>	<u>\$6,625,571</u>	<u>\$ 6,077,611</u>	<u>\$4,689,025</u>	<u>\$5,342,213</u>
All other governmental funds										
Nonspendable	\$ 30,704	\$ 31,366	\$ 30,454	\$ 30,454	\$ 42,197	\$ 43,877	\$ 40,168	\$ 21,022	\$ 20,118	\$ 42,549
Restricted	5,774,426	3,624,578	2,942,808	6,210,955	3,538,602	6,187,752	3,508,724	5,421,865	7,381,284	4,327,333
Committed	-	-	-	-	-	-	-	-	548,614	41,828
Assigned	-	-	-	-	28,815	21,818	126,222	757,113	58,832	47,891
Unassigned	(993,890)	(1,053,004)	(895,219)	(1,713,092)	(752,490)	(627,358)	(485,135)	(397,123)	(240,997)	(159,632)
Total all other governmental funds	<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>	<u>\$3,189,979</u>	<u>\$ 5,802,877</u>	<u>\$7,767,851</u>	<u>\$4,299,969</u>

Source: Comprehensive Annual Financial Report

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Property taxes	\$ 7,038,652	\$ 7,446,802	\$ 7,449,054	\$ 7,682,862	\$ 7,832,086	\$ 8,222,550	\$ 7,479,874	\$ 7,851,370	\$ 8,060,920	\$ 8,202,802
Sales taxes	5,306,960	5,034,621	4,996,997	5,195,660	5,522,784	5,789,582	6,019,571	6,163,208	6,359,457	6,497,484
Franchise taxes	2,292,672	2,128,682	1,965,427	2,109,086	2,085,066	1,971,939	2,021,723	2,124,384	2,017,440	2,053,150
Hotel occupancy taxes	417,964	374,282	348,217	319,459	379,678	404,973	466,590	598,862	472,337	556,176
Alcoholic beverage taxes	29,791	33,497	32,355	30,631	31,811	33,885	43,850	45,814	48,679	46,782
Licenses and permits	136,589	125,058	206,965	175,066	185,953	225,117	189,217	192,472	266,116	213,732
Fines and forfeitures	536,588	624,717	701,340	600,098	555,896	630,167	502,551	486,290	393,167	410,307
Charges for current services	579,422	425,829	397,883	474,035	490,874	511,908	516,528	444,656	1,280,655	1,388,538
Investment earnings	317,278	51,104	14,753	38,057	22,335	18,014	12,655	10,551	29,486	51,279
Miscellaneous	345,186	330,118	333,850	528,596	451,467	400,243	260,835	298,831	358,408	310,604
Intergovernmental	649,509	1,321,857	1,467,302	1,009,559	1,413,897	1,981,557	1,565,481	1,513,796	470,535	343,552
Contributions and donations	206,026	490,648	425,015	241,350	788,921	523,046	444,490	1,311,501	190,282	413,613
Total revenues	<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>	<u>19,523,365</u>	<u>21,041,735</u>	<u>19,947,482</u>	<u>20,488,019</u>
EXPENDITURES										
Current:										
General government	3,569,545	3,947,760	2,759,480	2,978,286	3,230,795	3,242,689	4,081,164	3,131,469	2,584,023	2,512,448
Judicial	-	371,350	374,899	385,241	431,614	422,985	412,027	435,845	604,967	578,790
Public safety	7,723,976	7,777,689	8,515,399	7,912,394	7,998,438	7,854,553	7,863,862	8,362,547	8,448,469	8,645,434
Community support services	2,630,030	721,616	748,585	1,081,217	949,136	1,683,762	530,330	891,386	634,418	457,822
Public works	6,879,504	3,004,149	2,625,393	3,901,088	4,140,675	3,017,473	3,033,383	3,315,838	4,150,413	3,798,673
Cultural and recreational	-	1,993,306	1,645,593	1,898,052	2,007,945	2,443,232	2,334,182	2,807,332	2,525,434	2,247,833
Building and vehicle maintenance	-	610,156	529,065	758,935	652,727	506,143	469,709	409,895	373,926	379,304
Debt service										
Principal retirement	997,499	1,078,094	986,916	821,888	1,053,512	1,321,533	1,524,086	1,735,930	1,825,300	1,974,215
Interest and fiscal charges	515,616	651,680	681,747	544,343	649,896	600,085	715,258	616,622	659,034	869,727
Bond issuance costs	-	-	26,584	96,637	-	117,560	-	52,020	180,324	-
Capital outlay	3,096,052	2,098,873	909,276	44,067	3,076,920	1,478,705	3,148,346	3,971,816	3,619,518	3,628,981
Total expenditures	<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>	<u>24,112,347</u>	<u>25,730,700</u>	<u>25,605,826</u>	<u>25,093,227</u>
Excess (deficiency) of revenues over (under) expenditures	(7,555,585)	(3,867,458)	(1,463,779)	(2,017,689)	(4,430,890)	(1,975,739)	(4,588,982)	(4,688,965)	(5,658,344)	(4,605,208)
Other financing sources (uses)										
Transfers in	2,605,466	2,173,811	2,742,970	3,529,270	3,835,111	3,779,759	4,189,044	5,345,901	4,079,466	3,727,640
Transfers out	(1,135,344)	(600,666)	(1,160,975)	(1,465,694)	(1,491,502)	(2,519,482)	(2,258,203)	(3,067,391)	(2,744,138)	(2,638,108)
Refunding bonds issued	-	-	-	-	-	-	-	-	4,675,000	-
General obligation bonds issued	3,400,000	-	1,290,000	3,205,000	-	3,400,000	-	4,243,066	3,835,000	-
Premium on bonds issued	-	-	72,755	6,712	-	219,168	-	270,227	589,791	-
Payment to refunded bond escrow agent	-	-	(1,305,000)	-	-	-	-	(663,664)	(4,997,351)	-
Capital leases	504,751	-	-	793,283	437,805	1,072,405	878,750	594,810	267,787	684,700
Note proceeds	1,556,230	146,718	42,048	-	-	-	-	-	366,124	-
Sale of capital assets	-	-	262,872	25,186	35,919	43,385	43,023	30,954	163,053	16,282
Total other financing sources (uses)	<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>	<u>2,852,614</u>	<u>6,753,903</u>	<u>6,234,732</u>	<u>1,790,514</u>
Net change in fund balances	<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>	<u>\$ (1,736,368)</u>	<u>\$ 2,064,938</u>	<u>\$ 576,388</u>	<u>\$ (2,814,694)</u>
Debt service as a percentage of noncapital expenditures	6.83%	8.29%	9.45%	7.74%	8.53%	10.26%	11.18%	11.39%	12.70%	13.17%

Source: Comprehensive Annual Financial Report

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			
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	1,222,239,080	0.62720
2013	881,569,127	423,714,980	55,434,726	1,249,849,381	0.62720
2014	877,314,365	378,409,500	50,374,434	1,205,349,431	0.62720
2015	906,720,250	435,913,320	73,276,488	1,269,357,082	0.62720
2016	1,117,741,790	437,513,449	266,440,312	1,288,814,927	0.62720
2017	1,173,461,334	422,682,507	293,992,340	1,302,151,501	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	
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
2014	0.46900	0.15820	0.62720	1.28030	0.12020	0.62700	2.65470
2015	0.47040	0.15680	0.62720	1.28030	0.12020	0.62700	2.65470
2016	0.45640	0.17080	0.62720	1.37030	0.11830	0.62700	2.74280
2017	0.43970	0.18750	0.62720	1.37030	0.12180	0.62700	2.74630

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

	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nalco Company	\$ 51,736,240	1	3.97%	\$ -	-	-
Guardian Industries	47,069,805	2	3.61%	35,800,720	1	3.27%
Russell Stover Candies Inc.	35,933,935	3	2.76%	54,335,060	3	4.96%
Pactiv-Foam	33,922,684	5	2.61%	14,264,540	6	1.30%
True Value Co	27,569,810	4	2.12%	23,886,840	5	2.18%
Industrial Pipe Fittings LLC	16,162,960	6	1.24%	-	-	-
Wal-Mart Stores Texas LLC	12,760,710	7	0.98%	-	-	-
Oncor Electric Delivery Co LLC	12,192,270	9	0.94%	-	-	-
NIP Owner III, LLC	10,500,000	8	0.81%	-	-	-
Navarro Pecan Co Inc.	9,645,600	10	0.74%	-	-	-
Home Depot	-	-	-	32,855,120	2	3.00%
Equity Industrial Corsicana, L.P.	-	-	-	26,981,150	4	2.46%
Corsicana Technologies, Inc.	-	-	-	12,893,870	7	1.18%
Russell Stover Candies Inc.	-	-	-	12,750,730	8	1.16%
TXU Electric Delivery Corporation	-	-	-	12,244,910	9	1.12%
Guardian Industries	-	-	-	20,153,050	10	1.84%
Total	\$ 257,494,014		19.77%	\$246,165,990		18.90%

Source: City Finance Department.

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

<u>Fiscal Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount Collected</u>	<u>Percentage of Levy</u>		<u>Amount Collected</u>	<u>Percentage of Levy</u>
2008	\$ 6,868,186	\$ 6,702,475	97.59 %	\$ 155,456	\$ 6,857,310	99.84 %
2009	7,422,431	7,213,426	97.18	193,291	7,406,717	99.79
2010	7,536,970	7,225,383	95.87	290,031	7,515,414	99.71
2011	7,665,884	7,416,905	96.75	223,778	7,640,683	99.67
2012	7,654,162	7,482,118	97.75	140,967	7,623,085	99.59
2013	7,839,055	7,676,886	97.93	126,330	7,803,216	99.54
2014	7,559,951	7,421,489	98.17	95,612	7,517,101	99.43
2015	7,961,408	7,831,740	98.37	70,913	7,902,653	99.26
2016	8,068,143	7,904,440	97.97	69,418	7,973,859	98.83
2017	8,160,202	7,985,321	97.86	N/A	7,985,321	97.86

Source: City Finance Department.

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
	Certificates of Obligation	General Obligation Bonds	Notes Payable	Line of Credit	Capital Leases	Certificates of Obligation	General Obligation Bonds	Revenue Bonds	Capital Leases			
2008	\$ 6,412,585	\$ 7,072,871	\$ 691,972	\$ 893,081	\$ 787,763	\$21,717,415	\$ 597,129	\$24,025,000	\$ 752,693	\$62,950,509	N/A	\$2,381
2009	6,118,590	6,760,174	653,855	94,124	453,166	22,676,410	304,826	22,630,000	461,877	60,153,022	N/A	2,228
2010	4,633,903	7,530,000	621,602	833,399	261,837	19,101,097	11,035,000	12,910,000	301,673	57,228,511	N/A	2,081
2011	4,542,209	10,260,000	586,417	724,335	923,901	21,552,791	9,670,000	12,500,000	873,680	61,633,333	N/A	2,593
2012	4,446,988	9,680,000	551,232	619,887	1,126,934	20,628,012	8,120,000	12,080,000	1,230,065	58,483,118	12.78%	2,447
2013	4,344,715	12,445,000	516,047	515,966	1,754,185	19,645,285	6,505,000	11,640,000	1,186,736	58,552,934	N/A	2,458
2014	4,195,340	11,695,000	486,726	412,154	2,069,783	18,639,660	5,520,000	10,530,000	829,987	54,378,650	12.46%	2,280
2015	3,300,000	15,248,066	486,726	302,649	1,926,928	17,315,000	8,026,934	5,355,000	1,299,012	53,260,315	12.19%	2,233
2016	-	22,099,949	715,476	192,823	1,581,547	16,249,852	7,092,902	4,588,488	1,780,584	54,301,621	12.17%	2,267
2017	-	20,738,198	666,907	87,464	1,662,851	7,499,517	13,382,017	3,818,488	2,385,322	50,240,764	10.76%	2,090

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 143.

N/A Not available

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

Fiscal Year	Certificates of Obligation	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2008	\$28,130,000	\$7,670,000	\$ 5,655	\$35,794,345	3.27%	\$ 1,354
2009	28,795,000	7,065,000	73,669	35,786,331	3.02%	1,325
2010	23,735,000	18,565,000	30,485	42,269,515	3.52%	1,537
2011	26,095,000	19,930,000	195,646	45,829,354	3.75%	1,928
2012	25,075,000	17,800,000	79,219	42,795,781	3.50%	1,791
2013	23,990,000	18,950,000	112,361	42,827,639	3.43%	1,798
2014	22,835,000	17,215,000	98,387	39,951,613	3.31%	1,675
2015	20,615,000	23,275,000	149,800	43,740,200	3.45%	1,834
2016	16,249,852	29,192,851	144,852	45,297,851	3.51%	1,891
2017	7,499,517	34,120,215	200,907	41,418,825	3.18%	1,723

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 135 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 143.

CITY OF CORSICANA, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2017

<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: Corsicana ISD	\$ 92,467,597	69.98%	\$ 64,708,824
Debt repaid with property taxes: Mildred ISD	12,785,453	11.38%	1,454,985
Debt repaid with property taxes: Navarro County	7,499,481	44.46%	<u>3,334,269</u>
Subtotal, overlapping debt			69,498,078
City of Corsicana, Texas direct debt			<u>23,155,420</u>
Total direct and overlapping debt			<u><u>\$ 92,653,498</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 property taxes 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 property taxes 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
PLEGGED-REVENUE COVERAGE
 Last Ten Fiscal Years

Waterworks and Sewer System Revenue Bonds

Fiscal Year	Total Revenues¹	Less Operating Expenses²	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2014	14,204,608	8,314,023	5,890,585	1,110,000	474,639	3.72
2015	15,401,972	7,652,691	7,749,281	1,150,000	360,430	5.13
2016	15,715,368	9,377,582	6,337,786	745,000	217,929	6.58
2017	15,814,017	9,475,252	6,338,765	770,000	188,129	6.62

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 Population¹	Personal Income¹	Per Capita Personal Income²	Median Age³	Public School Enrollment⁴	Unemployment Rate⁵
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	23,820	N/A	N/A	32.5	5,891	6.8
2014	23,850	436,574,250	18,305	32.7	5,906	5.3
2015	23,850	437,027,400	18,324	34.0	5,826	4.1
2016	23,952	446,082,040	18,624	39.0	5,900	4.1
2017	24,040	467,073,160	19,429	39.0	5,916	4.1

Sources:

- ¹ Population X Per Capita Income
- ² North Central Texas Council of Governments
- ³ Retail Coach Report 2016
- ⁴ Corsicana Independent School District
- ⁵ 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	2017			2008			
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	
Corsicana ISD	810	1	7.15%	802	2	6.57%	
Russell Stover Candies	*	726	2	6.41%	825	1	6.76%
Navarro Regional Hospital	350	3	3.09%	350	5	2.87%	
Collin Street Bakery	347	4	3.06%	766	3	6.28%	
Navarro County	337	5	2.97%	284	7	2.33%	
Guardian Industries	325	6	2.87%	390	4	3.20%	
Navarro College	312	7	2.75%	264	9	2.16%	
Corsicana Bedding	314	8	2.77%	-		-	
City of Corsicana	~	237	9	2.09%	333	8	2.73%
Kohl's Call Center	200	10	1.77%	250	10	2.05%	
Texas Youth Commission	-		-	338	6	2.77%	
Total	3,958		34.93%	4,264		34.94%	

Source: City Economic Development Department.

* Employee number may vary significantly in accordance with seasonal employment.

~ Includes part-time employees.

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administration	11.0	12.0	12.0	11.0	12.0	12.0	12.0	13.5	13.5	13.5
Public Safety										
Police	58.0	58.0	58.0	59.0	59.0	60.0	60.0	60.0	60.0	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	35.0	35.0	35.0	35.0	35.0	35.0	35.0
EMS	19.0	22.0	22.0	22.0	25.0	26.0	28.0	28.0	34.0	34.0
Animal Control/Shelter	6.0	6.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
Public Works										
Engineering/IT	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	6.5	6.5
Streets	17.0	17.0	17.0	16.0	15.7	15.7	15.7	15.7	15.7	15.7
Community Support/P&Z	6.5	6.5	6.5	4.8	4.8	4.8	4.8	4.8	4.4	4.4
Cemetery Admin/Mtc	3.5	3.5	3.5	0.3	0.3	0.3	0.25	0.25	0.1	0.1
Bldg/Equip Mtc	6.0	7.0	7.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Cultural and Recreational										
Parks and Recreation	17.0	17.0	17.0	14.0	13.0	14.0	14.0	12.0	12.0	12.0
Library	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Airport										
Sanitation Services	15.0	15.0	15.6	15.6	15.8	15.8	15.8	15.8	15.8	15.8
Utility Operating										
Environmental Svc/Analysis	8.0	8.0	6.0	6.0	5.3	5.3	5.3	5.3	5.3	5.3
Utility System Mtc	23.0	22.0	16.0	16.0	20.8	20.8	20.8	19.8	19.8	19.8
Utility Billing/Collections	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.5	6.5	6.5
Water	15.0	15.0	15.8	15.8	15.2	15.2	15.2	15.2	15.2	15.2
Wastewater	12.0	12.0	12.6	12.6	12.2	12.2	12.2	13.2	13.2	13.2
Total	280.0	284.0	276.0	261.1	266.1	269.1	270.0	269.0	274.0	274.0

Source: City Finance Department.

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Reported Crimes (Calendar Year)	1,417	1,338	1,428	1,341	1,473	1,365	1,290	1,141	1,090	1,050
Number of Violations (Citations)	7,316	7,657	7,642	5,650	6,036	5,906	6,375	5,217	4,743	4,777
Judicial										
Municipal Court Fines-Cash	\$ 504,537	\$ 601,906	\$ 673,361	\$ 588,144	\$ 506,918	\$ 618,886	\$ 476,987	\$ 468,451	\$ 373,721	\$ 247,451
Fire										
Fire Calls (Including City and County)	2,563	2,085	1,485	2,159	2,100	2,094	2,229	2,259	2,255	2,312
EMS										
EMS Calls (Including City and County)	5,688	5,973	5,688	5,733	5,594	5,823	6,110	6,350	6,254	6,212
Planning & Zoning										
Building Permits Issued (Units)	32	16	10	24	24	21	14	28	20	22
Permit Value	\$ 4,402	\$ 1,591	\$ 12,798	\$ 6,919	\$ 6,764	\$ 8,161	\$ 2,021	\$ 8,343	\$ 43,175	\$ 8,547
Streets										
Miles of Streets Maintained	159	158	158	161	161	160	160	160	160	160
Health										
Animals Impounded (Calendar Year)	2,936.0	2,894	2,601	2,806	2,702	2,575	2,344	2,002	1,922	2,022
Cultural and Recreational										
Parks										
Parks Maintained	12	12	13	13	13	13	13	13	16	16
Library										
Patrons	95,422	93,091	85,978	87,839	83,416	86,177	78,434	76,222	76,737	76,438
Water										
Number of Water Customers	8,857	8,808	8,812	8,891	8,847	8,885	9,020	8,891	8,898	8,879
Sewer										
Number of Wastewater Customers	7,929	7,854	7,871	7,945	7,933	7,937	7,986	7,928	7,934	7,947

* Total include all permits issued, not just building permits. Data for building permits only is not available.
 Sources: Various government departments.

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	886	886	893	925	863	916	925	945	941	941
Streets										
Miles of Streets	159	158	158	161	161	160	160	160	160	160
Cultural and Recreational										
Parks Maintained	12	12	13	13	13	13	13	13	16	16
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 (million gallons per day)	13.015	13.015	13.015	13.015	13.015	13.015	13.015	13.015	13.015	13.015
147 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.

SINGLE AUDIT SECTION

CITY OF CORSICANA, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2017

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. Department of Housing and Urban Development:			
Pass-through Texas Department of Agriculture: Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	TDA	\$ 291,226
Total U.S. Department of Housing and Urban Development			291,226
U.S. Department of Homeland Security:			
Pass-through Texas Division of Emergency Management: Disaster Grants - Public Assistance	97.036	TDEM	739,960
Hazard Mitigation Grant	97.039	TDEM	1,594
Total U.S. Department of Homeland Security			741,554
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		2,847
Edward Byrne Memorial Justice Assistance Grant Program	16.738		12,985
Total U.S. Department of Justice			15,832
U.S. Department of Transportation:			
Pass-through Texas Department of Transportation: Airport Improvement Program	20.106	TXDOT	34,000
Total U.S. Department of Transportation			34,000
U.S. Department of Health and Human Services:			
Pass-through Texas Health and Human Services Commission: Medical Assistance Program	93.778	THHSC	498,445
Total U.S. Department of Health and Human Services			498,445
Total expenditures of federal awards			<u>\$ 1,581,057</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Corsicana, Texas under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Corsicana, Texas, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Corsicana, Texas.

NOTE 2 - 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

City of Corsicana, Texas has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF CORSICANA, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2017

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 the City of Corsicana, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Corsicana, Texas' basic financial statements, and have issued our report thereon dated April 23, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City of Corsicana, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, Wood & Reeve, P.C.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountant

Ennis, Texas
April 23, 2018



YELDELL, WILSON, WOOD & REEVE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA

Glenda Valek, CPA | Caitlyn Keller, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited City of Corsicana, Texas's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of City of Corsicana, Texas's major federal programs for the year ended September 30, 2017. City of Corsicana, Texas's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Corsicana, Texas's 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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's 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's 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, 2017.

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's 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 the Uniform Guidance, 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's 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Yeldell, Wilson, Wood & Reeve, P.C.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountant

Ennis, Texas
April 23, 2018

CITY OF CORSICANA, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2017

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of City of Corsicana, Texas were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of City of Corsicana, Texas, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for City of Corsicana, Texas expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as a major program were:

 97.036 Disaster Grants - Public Assistance
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. City of Corsicana, Texas did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT

None