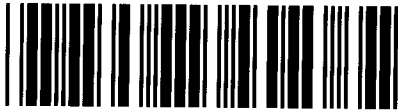




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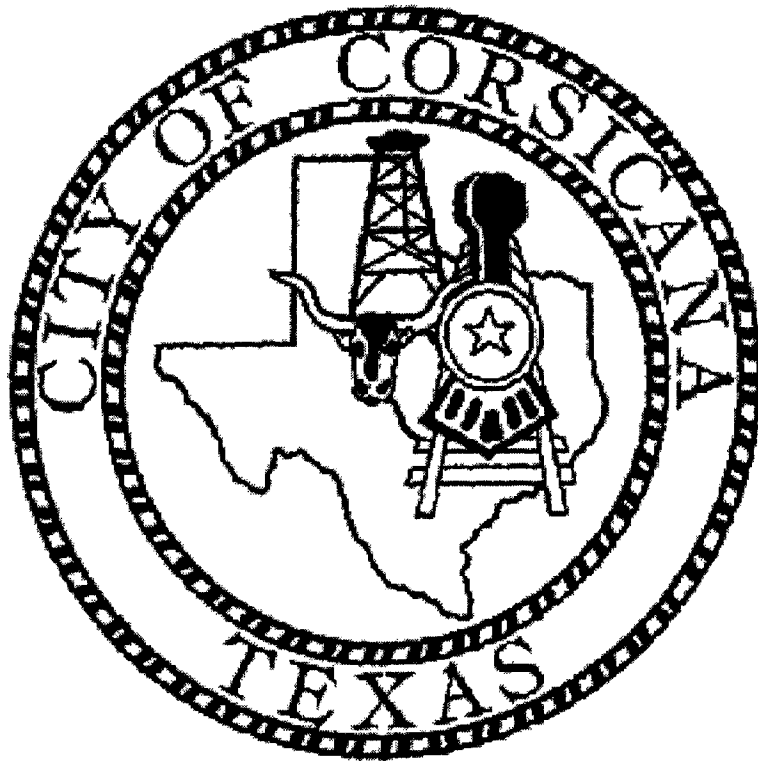
House Bill (HB) 1600 and Senate  
Legislature, Regular Session, trans  
relating to the economic regulation  
utilities from the TCEQ to the PUC  
September 1, 2014



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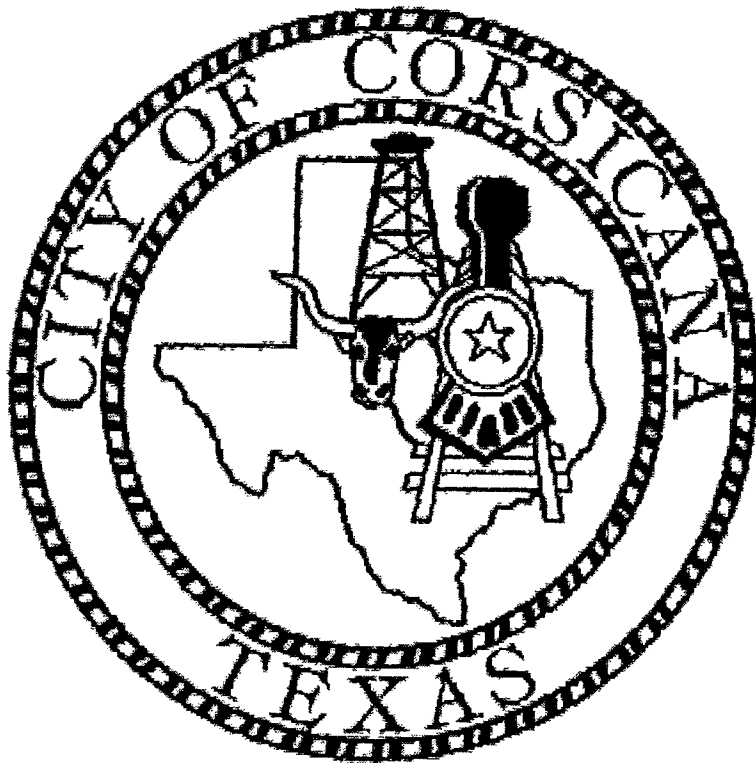


**CITY OF CORSICANA, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2002**

**PATTILLO, BROWN & HILL, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS



**CITY OF CORSICANA, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2002**

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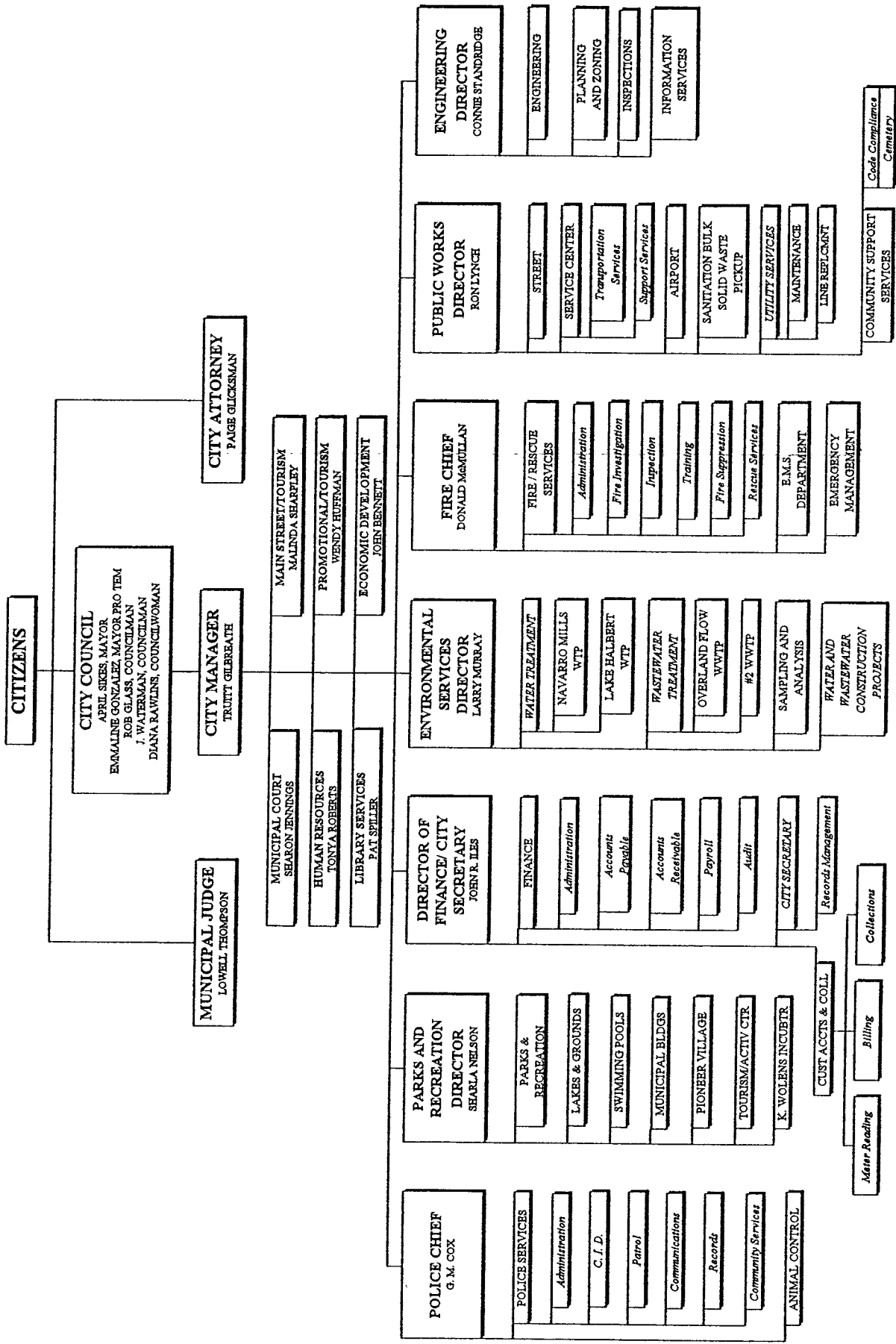
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# INTRODUCTORY SECTION

CITY OF CORSICANA  
ORGANIZATIONAL CHART



# **CITY OF CORSICANA, TEXAS**

## **LIST OF PRINCIPAL OFFICIALS**

**SEPTEMBER 30, 2002**

### **ELECTED OFFICIALS**

Mayor	April Allison-Sikes
Mayor Pro-tem, and Council Member, Place 2	Emmaline Gonzalez
Council Member, Place 1	J. Waterman
Council Member, Place 3	Diana Rawlins
Council Member, Place 4	Rob Glass
City Attorney	Paige Glicksman
Municipal Court Judge	Lowell Thompson

### **CITY STAFF**

City Manager	Truitt Gilbreath
Director of Finance/City Secretary	John R. Iles
Police Chief	G. M. Cox
Fire Chief	Donald McMullan
Public Works Director	Ron Lynch
Director of Environmental Services	Larry Murray
Director of Engineering Services	Connie Standridge
Parks and Recreation Director	Sharla Nelson
Library Director	Pat Spiller
Economic Development Director	John Bennett
Main Street Project Facilitator	Malinda Sharpley
Promotion Advertisement/Tourism Facilitator	Wendy Huffman

FINANCIAL SECTION

**INDEPENDENT AUDITORS' REPORT**

City Commissioners  
City of Corsicana, Texas

Members of the City Commissioners:

We have audited the accompanying general purpose financial statements of the City of Corsicana, Texas, as of and for the year ended September 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Corsicana, Texas' management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Corsicana, Texas, as of September 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2003, on our consideration of the City of Corsicana, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Corsicana, Texas, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and the combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole. The statistical data listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Corsicana, Texas. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and accordingly, we express no opinion on it.

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

March 26, 2003

**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
		General	General	September 30,	
		Fixed Assets	Long-term Debt	2002	2001
Enterprise	Agency				
\$ 1,896,349	\$ 60	\$ -	\$ -	\$ 4,885,105	\$ 4,626,392
-	-	-	-	8,367	-
-	-	-	-	1,713,867	1,279,594
3,439,923	-	-	-	3,747,438	1,526,162
-	-	-	-	60,882	84,513
-	-	-	-	3,385	1,085
-	-	-	-	-	19,245
-	-	-	-	169,339	-
3,357,877	-	-	-	3,378,042	973,696
443,827	-	-	-	443,827	495,878
3,801,609	-	-	-	3,801,609	10,136,057
3,866,837	-	3,492,760	-	7,359,597	7,359,597
143,111	-	4,614,429	-	4,757,540	4,757,540
59,127,023	-	24,452,760	-	83,579,783	69,207,320
14,510,171	-	6,996,645	-	21,506,816	20,218,673
-	-	836,862	-	836,862	9,394,720
( 23,847,921)	-	-	-	( 23,847,921)	( 21,663,616)
-	-	-	202,701	202,701	234,636
-	-	-	7,475,743	7,475,743	8,203,796
714,525	-	-	-	714,525	534,429
-	-	-	-	-	174,461
<u>\$ 67,453,331</u>	<u>\$ 60</u>	<u>\$ 40,393,456</u>	<u>\$ 7,678,444</u>	<u>\$ 120,797,507</u>	<u>\$ 117,564,178</u>

(continued)

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
		General	General	September 30,	
		Fixed Assets	Long-term Debt	2002	2001
Enterprise	Agency				
\$ 760,027	\$ 60	\$ -	\$ -	\$ 1,504,111	\$ 1,101,296
170,762	-	-	354,728	525,490	511,677
284,309	-	-	-	284,309	287,595
2,005,000	-	-	-	2,005,000	1,920,000
136,493	-	-	-	419,233	388,052
177,714	-	-	-	177,714	155,524
256,195	-	-	-	256,195	253,285
798,943	-	-	-	3,378,042	973,696
51,244	-	-	-	276,252	271,958
1,606,614	-	-	-	2,601,480	489,366
-	-	-	640,000	640,000	740,130
1,041,066	-	-	803,716	1,844,782	1,622,421
32,726,000	-	-	5,880,000	38,606,000	39,395,000
40,014,367	60	-	7,678,444	52,518,608	48,110,000
9,398,208	-	-	-	9,398,208	9,398,208
2,884,824	-	-	-	2,884,824	1,373,983
3,662,226	-	-	-	3,662,226	2,073,977
11,493,706	-	-	-	11,493,706	14,370,380
-	-	40,393,456	-	40,393,456	38,910,331
-	-	-	-	202,701	234,655
-	-	-	-	1,952,299	1,918,133
-	-	-	-	-	611,307
-	-	-	-	( 1,708,521)	563,204
27,438,964	-	40,393,456	-	68,278,899	69,454,178
\$ 67,453,331	\$ 60	\$ 40,393,456	\$ 7,678,444	\$ 120,797,507	\$ 117,564,178

Totals (Memorandum Only)	
September 30,	
2002	2001
\$ 10,792,914	\$ 10,715,700
83,080	87,260
115,638	168,450
473,222	516,805
1,199,309	1,197,993
5,014	3,222
31,250	31,250
1,309,177	899,351
170,502	121,265
<u>14,180,106</u>	<u>13,741,296</u>
3,738,145	1,652,543
5,617,630	5,269,907
133,937	137,493
2,292,231	2,412,465
2,697,893	1,853,312
561,042	637,029
874,978	811,706
868,469	795,208
<u>1,008,130</u>	<u>1,085,027</u>
<u>17,792,455</u>	<u>14,654,690</u>
( 3,612,349)	( 913,394)
984,708	887,139
( 777,491)	( 490,380)
-	2,645,390
<u>524,312</u>	<u>-</u>
<u>731,529</u>	<u>3,042,149</u>
( 2,880,820)	2,128,755
3,327,299	1,277,861
-	( 79,317)
<u>\$ 446,479</u>	<u>\$ 3,327,299</u>

Debt Service			
Budget	Actual	Variance Favorable (Unfavorable)	
\$ 746,093	\$ 746,093	\$ -	
-	-	-	
4,894	4,894	-	
22,436	22,436	-	
-	-	-	
-	-	-	
-	-	-	
<u>773,423</u>	<u>773,423</u>	<u>-</u>	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
<u>805,380</u>	<u>805,377</u>	<u>3</u>	
<u>805,380</u>	<u>805,377</u>	<u>3</u>	
( 31,957)	( 31,954)	<u>3</u>	
-	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	
<u>-</u>	<u>-</u>	<u>-</u>	
( 31,957)	( 31,954)	3	
<u>234,655</u>	<u>234,655</u>	<u>-</u>	
<u>\$ 202,698</u>	<u>\$ 202,701</u>	<u>\$ 3</u>	

# CITY OF CORSICANA, TEXAS

## COMBINED STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS ALL PROPRIETARY FUND TYPES

YEARS ENDED SEPTEMBER 30, 2002 AND 2001

		Totals	
		(Memorandum Only)	
		September 30,	
	Enterprise	2002	2001
<b>OPERATING REVENUE</b>			
Charges for Sales and Services:			
Water sales	\$ 6,220,999	\$ 6,220,999	\$ 6,429,565
Sewer charges	3,209,786	3,209,786	3,025,301
Tap fees	31,975	31,975	25,395
Other charges	102,986	102,986	87,229
Garbage collection fees	838,517	838,517	869,494
Landfill	1,828,645	1,828,645	1,626,599
Grant and contribution	-	-	90,000
Miscellaneous	398,076	398,076	190,338
Total Operating Revenue	<u>12,630,984</u>	<u>12,630,984</u>	<u>12,343,921</u>
<b>OPERATING EXPENSES</b>			
Costs of sales and services	7,063,063	7,063,063	7,785,379
Administration	1,308,901	1,308,901	1,606,387
Depreciation	2,184,305	2,184,305	1,778,311
Total Operating Expenses	<u>10,556,269</u>	<u>10,556,269</u>	<u>11,170,077</u>
<b>OPERATING INCOME</b>	<u>2,074,715</u>	<u>2,074,715</u>	<u>1,173,844</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Transfers in	168,341	168,341	1,425,326
Transfers out	( 375,558)	( 375,558)	( 1,822,085)
Interest	239,042	239,042	699,927
Interest expense and fees	( 1,884,124)	( 1,884,124)	( 1,717,431)
Total Nonoperating Revenue (Expenses)	<u>( 1,852,299)</u>	<u>( 1,852,299)</u>	<u>( 1,414,263)</u>
<b>NET INCOME</b>	222,416	222,416	( 240,419)
<b>RETAINED EARNINGS, OCTOBER 1</b>	17,818,340	17,818,340	18,566,664
<b>PRIOR PERIOD ADJUSTMENTS</b>	-	-	( 507,906)
<b>RETAINED EARNINGS, SEPTEMBER 30</b>	<u>\$ 18,040,756</u>	<u>\$ 18,040,756</u>	<u>\$ 17,818,339</u>

The accompanying notes are an integral part of this statement.

**CITY OF CORSICANA, TEXAS**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**YEAR ENDED SEPTEMBER 30, 2002**

	Proprietary Fund Type	Totals (Memorandum Only)	
	Enterprise	September 30,	
		2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 2,074,715	\$ 2,074,715	\$ 1,173,844
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,184,305	2,184,305	1,778,311
Change in assets and liabilities:			
Decrease (increase) in receivables	( 454,761)	( 454,761)	866,454
Decrease (increase) in due froms	( 3,200,568)	( 3,200,568)	1,032,103
Increase (decrease) in accounts payable	35,813	35,813	651,304
Increase (decrease) in accrued wages payable	5,069	5,069	85,814
Increase (decrease) in due to	699,552	699,552	99,391
Increase (decrease) in accrued expenses	61,512	61,512	1,034
Total Adjustments	( 669,078)	( 669,078)	4,514,411
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Prior period adjustments	-	-	( 507,906)
Operating transfers from (to) primary government	168,341	168,341	1,425,326
Operating transfers from (to) other funds	( 375,558)	( 375,558)	( 1,822,085)
Net Cash Used in Noncapital Financing Activities	( 207,217)	( 207,217)	( 904,665)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from issuance of long-term debt	1,731,000	1,731,000	3,915,000
Principal paid on long-term debt	( 1,920,000)	( 1,920,000)	( 1,820,000)
Interest paid on long-term debt	( 1,884,124)	( 1,884,124)	( 1,692,485)
Acquisition or construction of capital assets	( 5,619,622)	( 5,619,622)	( 12,652,705)
Proceeds from capital leases	869,800	869,800	291,424
Principal paid on capital leases	( 404,930)	( 404,930)	( 235,038)
Contributed capital	-	-	257,988
Net Cash Used in Capital and Related Financing Activities	( 7,227,876)	( 7,227,876)	( 11,935,816)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends on investments	239,042	239,042	699,928
Net Cash Provided by Investing Activities	239,042	239,042	699,928
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 5,790,414)	( 5,790,414)	( 6,452,298)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	11,932,199	11,932,199	18,384,497
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 6,141,785	\$ 6,141,785	\$ 11,932,199

The accompanying notes are an integral part of this statement.

# CITY OF CORSICANA, TEXAS

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2002

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Background

The City of Corsicana, Texas (the City) was incorporated July 11, 1848, while the City's Home Rule Charter was adopted in 1996. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, general and administrative, water and wastewater services.

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

#### Reporting Entity

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

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

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

(continued)

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly to those funds.

The basis of accounting (accrual vs. modified accrual) for grants, entitlements, or shared revenue transactions is determined by the fund type in which such transactions are recorded. The proper fund is identified by carefully analyzing the purpose and requirements of each grant, entitlement, or shared revenue. Revenue relating to grants restricted for specific purposes may not be recognized until the expenditure has taken place inasmuch as the grant revenue has not been "earned" until the terms of the grant have been met through the expenditure.

The City has the following fund types and account groups:

#### *Governmental Funds*

*Governmental Funds* are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when it is "measurable" and "available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenue available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

Property taxes, franchise taxes, mixed drink tax, and interest are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

(continued)

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

**Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

***Governmental Funds (Continued)***

Governmental funds include the following fund types:

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, including debt service principal and interest payments on capital lease obligations.

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The **Debt Service Fund** accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The **Capital Projects Funds** account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

***Proprietary Funds***

***Proprietary Funds*** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements adopted by the FASB on or before November 30, 1989, in accounting and reporting for its proprietary operations. The proprietary funds of the City consist of Enterprise Funds.

**Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the governing Board has decided that the determination of revenue earned, costs incurred, and/or net income is necessary for management accountability.

(continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

*Fiduciary Funds*

*Fiduciary Funds* account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Account Groups*

The General Fixed Assets Account Group is used to account for fixed assets not accounted for in proprietary or trust funds.

The General Long-term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized, as they are not significant.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20 - 50 years
Improvements	10 - 40 years
Equipment	3 - 10 years

(continued)

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Long-term Obligations

The government reports long-term debt of governmental funds at face value in the General Long-term Debt Account Group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the General Long-term Debt Account Group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

### Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The City records reserved retained earnings for future construction costs or debt service payments in funds in which restricted assets exceed the related liabilities. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers, or other funds.

### Budgets and Budgetary Accounting

The City Charter prescribes certain requirements for adoption of an annual operating budget by the City Council. Major requirements are summarized here. The Council must have a public hearing on the budget and may not adopt the budget until after 14 days after the hearing. The budget is to be adopted at least 15 days before the beginning of the fiscal year to which it applies.

The amounts of proposed expenditures become appropriated to the objects and purposes named in the budget upon the effective date after adoption. The total estimated expenditures of the General Fund shall not exceed the total estimated resources of the fund (prospective income plus cash on hand).

The City budget may be amended and appropriations may be altered in cases of public necessity, as declared by the City Council. The City Manager has the ability to reallocate funds from one line item to another within the various budget categories within the same fund, but City Council approval is required for budget adjustments between funds.

(continued)

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

**Budgets and Budgetary Accounting (Continued)**

The budget ordinance states that expenditures should not exceed the budget within an individual fund. The City's appropriation ordinance approves items as detailed in the approved budget. Budgeted amounts reported are based on the budget ordinance originally adopted and as amended by the City Council throughout the year.

Formal budgetary accounting is employed for various funds of the City, including the General Fund, Debt Service Fund, Hotel Occupancy Tax Fund, Airport Fund and the Cemetery Fund. Annual operating budgets are prepared and presented for these funds.

Budgets for the Governmental Fund Types are prepared and adopted on a basis consistent with GAAP (GAAP).

The City Council made several supplemental budgetary appropriations throughout the year. Supplemental budgetary appropriations were not considered material.

Unexpended appropriations lapse at the end of the fiscal year.

**Cash Equivalents**

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

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

**Accumulated Unpaid Vacation and Sick Pay Amounts**

Accumulated unpaid compensated absences for vacation and sick leave are accrued when incurred. In proprietary fund types, the accruals are reported as liabilities and expenses for the year incurred. The long-term portion of the liability for governmental funds is recorded in the General Long-term Debt Account Group since payment of this liability will not be made with expendable available resources, while the current portion is recorded in the fund as a liability and expenditure for the year incurred.

(continued)

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Proprietary Fund Accounting

The City has implemented Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting for Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. This Statement provides guidance on business-type accounting and financial reporting for proprietary activities. Proprietary activities should apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. In addition, a proprietary activity may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City has elected not to apply all FASB Statements and Interpretations issued after November 30, 1989.

### Totals – Memorandum Only Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP, nor are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### Comparative Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain amounts for 2001 reflect immaterial reclassifications for comparability with 2002.

## 2. CASH AND INVESTMENTS

At September 30, 2002, the City's carrying amount of deposits was \$401,012, and the bank balance was \$1,196,330. The City's deposits held at financial institutions at year-end were entirely covered by federal depository insurance or were secured by collateral held by the City's agent in the City's name.

(continued)

2. CASH AND INVESTMENTS (Continued)

In addition to the above cash, the City also invested in TexPool and LOGIC Investment Pools, U. S. Treasury securities and U. S. agency securities. The City's investments that are presented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1:* Insured, registered or securities held by the City or its agent in the City's name.
- Category 2:* Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3:* Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

At September 30, 2002, the City's investments were classified as follows:

	Category			Carrying Amount	Fair Value
	(1)	(2)	(3)		
Investments not subject to categorization:					
Tex Star Investment Pool				\$ 8,729,529	\$ 8,729,529

3. AD VALOREM PROPERTY TAXES

Property taxes are levied and become collectible each October 1 based on assessed property values as of the prior January 1, which is the date a lien attaches to all real and personal property located in the City. The October 1, 2001, levy was based upon 100% of the assessed market value of \$806,102,251. Taxes become delinquent on February 1 after their levy, at which time penalties and interest begin to accrue.

The maximum tax rate permitted by the State of Texas is \$2.50 per \$100 of assessed valuation, and the City Charter provides no limitation within the \$2.50. The tax rate for the October 1, 2001, levy was \$.5995 (\$.4988 for general government and \$.1007 for debt service) per \$100 of assessed valuation.

During the year ended September 30, 2002, 88% of the current tax levy (October 1, 2001) was collected. At September 30, 2002, the delinquent property taxes receivable totaled \$701,890 in the General Fund and \$176,678 in the Debt Service Fund. The City recognizes penalties and interest due on delinquent taxes receivable as a component of delinquent taxes receivable. The additional receivable is treated as deferred revenue until available.

(continued)

### 3. AD VALOREM PROPERTY TAXES (Continued)

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

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

### 4. RETIREMENT PLAN

#### Plan Description

The City provides pension benefits for all of its full-time employees, except for firefighters which are covered by a separate plan, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 758 administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to Texas Municipal Retirement System, P. O. Box 149153, Austin, Texas 78714-9153.

#### Benefits

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for services rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions.

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

(continued)

#### 4. RETIREMENT PLAN (Continued)

##### Benefits (Continued)

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

##### Contributions

The contribution rate for the employees is 5%, and the City matching percent is currently 2 to 1, both as adopted by the City Council. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year in which the rate goes into effect.

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

Actual valuation date	12/31/02	12/31/01	12/31/00
Actuarial value of assets	\$ 11,111,518	\$ 10,762,344	\$ 9,686,581
Actuarial accrued liability	14,567,254	13,977,893	12,642,056
Percentage funded	76.3%	77.0%	76.6%
Unfunded (over-funded)			
actuarial accrued liability (UAAL)	3,455,736	3,215,549	2,955,475
Annual covered payroll	6,383,644	6,026,640	5,802,538
UAAL as a percentage of covered payroll	54.1%	53.4%	50.9%
Net pension obligation (NPO) at the beginning of period	-	-	-
Annual Pension Cost:			
Annual required contribution (ARC)	644,881	617,314	614,127
Contributions made	644,881	617,314	614,127
Increase in NPO	-	-	-
NPO at the end of period	-	-	-

The actuarial value of assets was market-related rolling 25 years.

(continued)

#### 4. RETIREMENT PLAN (Continued)

##### Contributions (Continued)

##### Actuarial Assumptions

Actuarial Cost Method	-	Unit Credit
Amortization Method	-	Level percent of Payroll
Remaining Amortization Period	-	25 Years - Open Period
Asset Valuation Method	-	Amortized Cost (to accurately reflect the requirements of GASB Statement No. 25, paragraphs 36e and 138)
Investment Rate of Return	-	8%
Projected Salary Increases	-	None
Includes Inflation At	-	None
Cost-of-Living Adjustments	-	None

#### 5. FIXED ASSETS

The following summarizes the changes in the components of the General Fixed Assets Account Group for the year ended September 30, 2002:

	Balance September 30, 2001	Additions	Transfers and Deletions	Balance September 30, 2002
Land	\$ 3,492,760	\$ -	\$ -	\$ 3,492,760
Buildings	4,614,429	-	-	4,614,429
Improvements	24,275,909	176,851	-	24,452,760
Furniture and equipment	6,527,233	559,412	( 90,000)	6,996,645
Construction in progress	-	836,862	-	836,862
Net Investment in General Fixed Assets	\$ <u>38,910,331</u>	\$ <u>1,573,125</u>	\$ <u>( 90,000)</u>	\$ <u>40,393,456</u>

Components of property, plant and equipment of proprietary funds types at September 30, 2002, are as follows:

	Enterprise Funds		
	Water and Wastewater	Sanitation	Total
Land	\$ 3,648,279	\$ 218,558	\$ 3,866,837
Buildings	-	143,111	143,111
Improvements	56,745,746	2,381,277	59,127,023
Machinery and equipment	8,619,571	5,890,600	14,510,171
	69,013,596	8,633,546	77,647,142
Accumulated depreciation	( 19,547,823)	( 4,300,098)	( 23,847,921)
	\$ <u>49,465,773</u>	\$ <u>4,333,448</u>	\$ <u>53,799,221</u>

## 6. LONG-TERM DEBT

The following is a summary of bond transactions, capital lease transactions, long-term note transactions and accrued vacation and sick leave of the City for the year ended September 30, 2002:

	General Long-term Debt	Proprietary Fund Debt
Long-term Debt Payable at September 30, 2001	\$ 8,438,432	\$ 35,638,053
Bonds retired	( 515,068)	( 1,920,000)
Bonds issued	-	1,731,000
Change in accrued vacation and sick leave	( 13,835)	28,904
Capital lease payments	( 480,476)	( 404,929)
Capital lease additions	349,391	869,800
Note payments charge	( 100,000)	-
Long-term Debt Payable at September 30, 2002	<u>\$ 7,678,444</u>	<u>\$ 35,942,828</u>

Long-term debt at September 30, 2002, is composed of the following items payable from the respective funds:

### General Long-term Debt:

#### Bonds payable:

\$1,200,000, Series 1993 General Obligation Bonds, serial bonds due in annual installments from \$75,000 to \$125,000 through February 15, 2007; bearing interest at 4.1% to 5.6%	\$ 550,000
\$1,400,000, Series 1994 General Obligation Bonds, serial bonds due in annual installments from \$45,000 to \$125,000 through February 15, 2014; bearing interest at 5.1% to 8.0%	1,045,000
\$1,335,000, Series 1995 General Obligation Bonds, serial bonds due in annual installments from \$45,000 to \$580,000 through February 15, 2010; bearing interest at 5.0% to 7.0%	1,045,000
\$1,560,000, Series 2001 General Obligation Refunding Bonds, serial bonds due in annual installments from \$65,000 to \$280,000 through February 15, 2008; bearing interest at 3.5% to 4.0%	1,395,000
\$2,000,000 Series 2001 Combination Tax and Revenue Certificates of Obligation due in annual installments from \$155,000 to \$445,000 through February 15, 2010; bearing interest at 3.5% to 4.0%	<u>1,845,000</u>
Total Bonds Payable	<u>5,880,000</u>

(continued)

6. **LONG-TERM DEBT (Continued)**

General Long-term Debt:

Leases Payable:

\$507,755 Master lease, due in monthly  
installments of \$80,230 through August 5, 2005; bearing  
interest at 3.35% \$ 427,526

\$168,301 equipment lease, due in monthly  
installments of \$2,472 through December 6, 2002;  
bearing interest at 5.64% 7,342

\$39,242 equipment lease, due in monthly  
installments of \$39,242 through July 15, 2003; bearing  
interest at 7.11% 7,587

\$457,786 Master lease, due in monthly  
installments of \$14,074 through February 4, 2003;  
bearing interest at 5.14% 67,829

\$359,391 adjustment lease, due in monthly  
installments of \$10,185 through March 20, 2005; bearing  
interest at 3.93% 293,432

Leases Payable 803,716

Line of Credit:

\$1,000,000 line of credit issued May 15, 2000,  
due in annual installments of \$100,000, bearing interest at  
6.0% 640,000

Accrued for vacation and sick leave 354,728

Total General Long-term Debt \$ 7,678,444

(continued)

6. LONG-TERM DEBT (Continued)

Enterprise Fund Debt:

Long-term Debt:

\$3,065,000, Series 1996 Waterworks and Sewer System Revenue Refunding Bonds, serial bonds due in annual installments from \$45,000 to \$390,000 through February 1, 2007; bearing interest at 3.6% to 4.8%	\$ 1,760,000
\$1,500,000, Series 1997-A Waterworks and Sewer System Revenue Refunding Bonds, serial bonds due in annual installments from \$80,000 to \$860,000 through August 15, 2022; bearing interest at 3.8% to 5.75%	4,820,000
\$1,345,000, Series 1997-B Waterworks and Sewer System Revenue Refunding Bonds, serial bonds due in annual installments from \$100,000 to \$170,000 through August 15, 2006; bearing interest at 6.8% to 7.5%	620,000
\$10,075,000, Series 1997-C Waterworks and Sewer System Revenue Bonds, serial bonds due in annual installments from \$325,000 to \$740,000 through August 15, 2017; bearing interest at 3.0% to 4.75%	8,310,000
\$1,700,000, Series 1997-D Waterworks and Sewer System Revenue Bonds, serial bonds due in annual installments from \$50,000 to \$135,000 through August 15, 2017; bearing interest at 4.25% to 5.75%	1,420,000
\$10,865,000, Series 1999 Waterworks and Sewer System Revenue Bonds, serial bonds due in annual installments from \$375,000 to \$780,000 through September 30, 2020; bearing interest at 3.00% to 4.6%, down payment at September 30, 2001	8,831,000
\$6,700,000, Series 1999-A Waterworks and Sewer System Revenue Bonds, serial bonds due in annual installments from \$145,000 to \$465,000 through August 15, 2025; bearing interest at 5.1% to 7.0%	6,405,000

(continued)

**6. LONG-TERM DEBT (Continued)**

**Enterprise Fund Debt: (Continued)**

**Long-term Debt: (Continued)**

\$1,540,000 Series 1991 Combination Tax and Revenue Certificates of Obligation, certificates due in annual installments from 85,000 to \$155,000 through February 1, 2007; bearing interest at 6.6% to 7.0%	\$ 685,000
\$1,800,000, Series 1993 Combination Tax and Revenue Certificates of Obligation, certificates due in annual installments from \$50,000 to \$300,000 through February 15, 2010; bearing interest at 5.5% to 7.0%	1,355,000
\$850,000, Series 1993-A Combination Tax and Revenue Certificates of Obligation, certificates due in annual installments from \$40,000 to \$80,000 through February 15, 2010; bearing interest at 4.2% to 5.25%	<u>525,000</u>
Total Long-term Debt	<u>34,731,000</u>

**Leases Payable:**

\$483,500 Master lease, due in monthly installments of \$14,476 through March 16, 2004; bearing interest at 4.93%	\$ 804,265
\$210,215 Master lease, due in monthly installments of \$6,322 through February 4, 2003; bearing interest at 5.14%	31,208
\$244,800 equipment lease, due in monthly installments of \$1,86 through March 20, 2005; bearing interest rate at 3.93%	<u>205,593</u>
Total Leases Payable	<u>1,041,066</u>
Accrued for vacation and sick leave	<u>170,762</u>
Total Enterprise Fund Debt	<u>\$ 35,942,828</u>

**(continued)**

6. LONG-TERM DEBT (Continued)

Debt Service Requirements

**Schedule of General Long-term Debt  
Debt Service Requirements**

<u>Fiscal Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Outstanding Bonds			
2003	\$ 540,000	\$ 258,574	\$ 798,574
2004	565,000	235,355	800,355
2005	585,000	211,178	796,178
2006	610,000	185,654	795,654
2007	640,000	158,083	798,083
Thereafter	<u>2,940,000</u>	<u>335,908</u>	<u>3,275,908</u>
	5,880,000	1,384,752	7,264,752
Capital Lease Obligations			
2002	432,725	19,039	451,764
2003	259,690	7,610	267,300
2004	111,301	1,414	112,715
2005	-	-	-
	<u>803,716</u>	<u>28,063</u>	<u>831,779</u>
Note Payable			
2003	100,000	39,580	139,580
2004	100,000	33,397	133,397
2005	100,000	27,214	127,214
2006	100,000	21,031	121,031
2007	100,000	14,848	114,848
Thereafter	<u>140,000</u>	<u>11,146</u>	<u>151,146</u>
	640,000	147,216	787,216
Accrued vacation and sick leave	<u>354,728</u>	<u>-</u>	<u>354,728</u>
	<u>\$ 7,678,444</u>	<u>\$ 1,560,031</u>	<u>\$ 9,238,475</u>

(continued)

6. LONG-TERM DEBT (Continued)

Debt Service Requirements (Continued)

Schedule of Revenue Bonds and Other Proprietary Fund Debt  
Debt Service Requirements

Fiscal Year Ended September 30	Principal	Interest	Total
Outstanding Bonds			
2003	\$ 2,005,000	\$ 1,779,342	\$ 3,784,342
2004	1,950,000	1,682,266	3,632,266
2005	2,050,000	1,586,450	3,636,450
2006	2,130,000	1,483,635	3,613,635
2007	2,005,000	1,374,521	3,379,521
Thereafter	25,860,000	11,275,592	37,135,592
	<u>36,000,000</u>	<u>19,181,806</u>	<u>55,181,806</u>
Capital Lease Obligations			
2003	554,272	25,056	579,328
2004	348,899	9,655	358,554
2005	137,894	1,999	139,893
	<u>1,041,065</u>	<u>36,710</u>	<u>1,077,775</u>
Accrued vacation and sick leave - long-term	<u>170,761</u>	<u>-</u>	<u>170,761</u>
	<u>\$ 37,211,826</u>	<u>\$ 19,218,516</u>	<u>\$ 56,430,342</u>

There are a number of limitations and restrictions contained in the various bond indentures. Cash and investments held by the City are reported as Restricted Assets of the Enterprise Funds and are adequate to comply with all significant limitations and restrictions as of September 30, 2002.

## 7. INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and to other funds:

	Due from (Receivables)	Due to (Payables)
<b>General Fund</b>	\$ 3,728	\$ 201,021
<b>Debt Service Fund</b>	16,437	-
<b>Special Revenue Funds</b>		
Lake Halbert Boat Ramp Grant	-	75,628
1999 (Overlook) TDHCA Grant	-	1,212
2001 COPS More Grant	-	128,560
CHDO Homebuyer Program	-	13,630
Tax Increment Financing District	-	2,008,672
FEMA Engineering Grant	-	5,478
Total Special Revenue Funds	-	2,233,180
<b>Capital Projects Funds</b>		
2001 CO Construction	-	14,778
2000-2001 Capital Purchases	-	130,120
Total Capital Projects Funds	-	144,898
<b>Enterprise Funds</b>		
Utilities	3,357,877	798,770
Sanitation	-	173
Total Enterprise Funds	3,357,877	798,943
<b>Total All Funds</b>	\$ 3,378,042	\$ 3,378,042

## 8. INTERFUND TRANSFERS

During the course of normal operations, the City has numerous transactions between funds, including transfers of resources to provide funding as approved in the City's budget. The accompanying financial statements reflect such transactions as operating transfers.

## 8. INTERFUND TRANSFERS (Continued)

Interfund operating transfers for the year ended September 30, 2002, are as follows:

	Operating Transfers	
	In	Out
<b>General Fund</b>	<u>\$ 383,245</u>	<u>\$ 518,073</u>
<b>Special Fund</b>		
Hotel Occupancy Tax	118,817	41,192
Special Airport	45,401	-
Cemetery Street Maintenance	60,050	-
Parks and Recreation Events	52,219	11,783
100 F Park Grant	43,516	-
TIF Infrastructure	-	168,341
City County Economic Development	-	6,378
TIF Block Grant Library	-	3,850
Summer Recreation Programs	25,000	-
Parks and Recreation Special Revenue	31,783	-
Lake Halbert	14,665	-
Flood Protection	17,327	-
01 Local Law Enforcement Grant	2,674	-
Palace Theater	18,295	-
LEBG 1998	6,378	-
01 COPS More	60,475	-
99 (Overlook) TDHH Grant	-	-
CHDO Home Buyer	-	-
FEMA Engineering Grant	-	-
Total Special Revenue Funds	<u>496,600</u>	<u>231,544</u>
<b>Capital Projects Funds</b>		
Capital Improvements	<u>104,863</u>	<u>27,874</u>
Total Capital Projects Funds	<u>104,863</u>	<u>27,874</u>
<b>Enterprise Funds</b>		
Utility Operating	-	303,186
Sanitation	<u>168,341</u>	<u>72,372</u>
Total Enterprise Funds	<u>168,341</u>	<u>375,558</u>
Total All Funds	<u>\$ 1,153,049</u>	<u>\$ 1,153,049</u>

## 9. SEGMENT INFORMATION FOR ENTERPRISE FUND ACTIVITIES

The City maintains two Enterprise Funds which account for sanitation and water and wastewater provided by the City. Segment information for the year ended September 30, 2002, follows:

	Utility Operating	Sanitation	Total Enterprise Funds
Operating revenue	\$ 9,865,592	\$ 2,765,392	\$ 12,630,984
Depreciation and amortization expense	1,895,933	288,372	2,184,305
Operating income (loss)	1,372,629	702,086	2,074,715
Operating transfers in	-	168,341	168,341
Operating transfers out	( 2,865,282)	( 72,372)	( 2,937,654)
Net income (loss)	( 369,064)	591,480	222,416
Total Equity	25,370,835	2,068,129	27,438,964
Total Assets	61,624,441	5,828,890	67,453,331

## 10. RESTRICTED ASSETS

The following table summarizes restricted assets by purpose at September 30, 2002:

	Utility Operating	Sanitation	Total
Customer deposits	\$ 256,195	\$ -	\$ 256,195
Debt service	3,469,157	332,452	3,801,609
Held by Trinity River Authority	443,827	-	443,827
Total	\$ 4,169,179	\$ 332,452	\$ 4,501,631

## 11. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its Corsicana Municipal Solid Waste Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$177,714 reported to date based on the use of 7.21 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2,158,412 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2002. The City expects to close the landfill in the year 2029. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

(continued)

**11. CLOSURE AND POSTCLOSURE CARE COST (Continued)**

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The City is in compliance with these requirements, and, at September 30, 2002, investments of \$470,232 fair value are held for these purposes. These are reported as restricted assets on the balance sheet. 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.

**12. CONTINGENCIES**

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

The City participates in a number of federal award programs. Although the City's programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through September 30, 2001, these programs are still subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**13. DEFICIT FUND BALANCE**

As of September 30, 2002, the following funds had a deficit fund balance. The City plans to cover these deficits with funds received in the fiscal year 2003.

<u>Fund Balance</u>	<u>Deficit Balance</u>
Lake Halbert Boat Ramp	\$ 19,676
2001 COPS More Grant	110,398
Tax Increment Financing District	2,008,672
FEMA Engineering Grant	<u>5,886</u>
Total Deficit Fund Balance	<u>\$ 2,144,632</u>

# GENERAL FUND

The *General Fund* is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

# CITY OF CORSICANA, TEXAS

## GENERAL FUND

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

YEAR ENDED SEPTEMBER 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>			
Taxes:			
Property	\$ 3,615,916	\$ 3,615,916	\$ -
Interest and penalty on taxes	86,383	86,383	-
Sales	4,049,720	4,049,720	-
Franchise	2,018,456	2,018,456	-
Mixed beverage	20,334	20,334	-
Total Taxes	9,790,809	9,790,809	-
Licenses and Permits:			
Electrical	11,609	11,609	-
Building	38,613	38,613	-
Plumbing	15,162	15,162	-
Mechanical	2,480	2,480	-
Other	15,216	15,216	-
Total Licenses and Permits	83,080	83,080	-
Interest	9,733	9,733	-
Total Interest	9,733	9,733	-
Fines and Penalties:			
Court	444,982	409,188	( 35,794)
Library	14,529	14,529	-
Other	150	150	-
Total Fines and Penalties	459,661	423,867	( 35,794)
Charges for Services:			
Concession	2,642	2,642	-
Building rental	55,118	55,118	-
Rental	1,143,709	1,141,549	( 2,160)
Total Charges for Services	1,201,469	1,199,309	( 2,160)
Intergovernmental	31,250	31,250	-
Grant	1,150	2,300	1,150
Miscellaneous	16,075	16,075	-
Total Revenue	11,593,227	11,556,423	( 36,804)

(continued)

# CITY OF CORSICANA, TEXAS

## GENERAL FUND

### STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)

YEAR ENDED SEPTEMBER 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>			
General Government:			
Personnel services	\$ 885,182	\$ 896,525	\$( 11,343)
Materials and supplies	57,702	57,702	-
Services	254,308	241,329	12,979
Maintenance	7,047	7,047	-
Sundry	84	84	-
Total General Government	<u>1,204,323</u>	<u>1,202,687</u>	<u>1,636</u>
Public Safety:			
Personnel services	5,052,508	5,088,188	( 35,680)
Materials and supplies	188,354	188,354	-
Services	176,751	176,751	-
Maintenance	139,697	139,697	-
Total Public Safety	<u>5,557,310</u>	<u>5,592,990</u>	<u>( 35,680)</u>
Public Health:			
Personnel services	62,249	62,630	( 381)
Materials and supplies	2,895	2,895	-
Services	67,109	67,109	-
Maintenance	1,303	1,303	-
Total Public Health	<u>133,556</u>	<u>133,937</u>	<u>( 381)</u>
Public Works:			
Personnel services	955,365	961,940	( 6,575)
Materials and supplies	86,943	86,943	-
Services	382,782	382,782	-
Maintenance	683,131	674,741	8,390
Capital expenditures	5,141	5,141	-
Total Public Works	<u>2,113,362</u>	<u>2,111,547</u>	<u>1,815</u>

(continued)

# CITY OF CORSICANA, TEXAS

## GENERAL FUND

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

(Continued)

YEAR ENDED SEPTEMBER 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES (Continued)</b>			
Community and Cultural:			
Personnel services	\$ 908,944	\$ 915,438	\$( 6,494)
Materials and supplies	155,983	155,983	-
Services	141,553	141,553	-
Maintenance	204,333	204,334	( 1)
Capital expenditures	42,722	11,192	31,530
Total Community and Cultural	1,453,535	1,428,500	25,035
Other Governmental:			
Personnel services	242,257	244,329	( 2,072)
Materials and supplies	63,002	63,004	( 2)
Services	118,682	118,682	-
Maintenance	100,755	100,755	-
Sundry	9,350	9,350	-
Capital expenditures	6,756	6,756	-
Total Other Governmental	540,802	542,876	( 2,074)
Non-Departmental:			
Personnel services	75,393	75,393	-
Services	260,208	260,208	-
Sundry	522,078	532,078	( 10,000)
Capital expenditures	7,299	7,299	-
Total Non-Departmental	864,978	874,978	( 10,000)
Total Expenditures	11,867,866	11,887,515	( 19,649)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 274,639)	( 331,092)	( 56,453)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	383,245	383,245	-
Operating transfers out	( 578,073)	( 518,073)	60,000
Total Other Financing Sources (Uses)	( 194,828)	( 134,828)	60,000
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES</b>	( 469,467)	( 465,920)	3,547
<b>FUND BALANCE, OCTOBER 1</b>	563,204	563,204	-
<b>FUND BALANCE, SEPTEMBER 30</b>	\$ 93,737	\$ 97,284	\$ 3,547

# SPECIAL REVENUE FUNDS

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

<u>Parks/ Recreation Special Revenue</u>	<u>Parks/ Recreation Events</u>	<u>IOOF Park Grant</u>	<u>Library Grants and Contributions</u>	<u>1997 Law Enforcement Block Grant</u>	<u>1998 Law Enforcement Block Grant</u>	<u>Economic Development Grants (TRVCIF)</u>	<u>City/County Economic Development</u>
\$ 68,347	\$ -	\$ -	\$ 5,730	\$ -	\$ -	\$ 150,622	\$ 6,404
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>68,347</u>	<u>-</u>	<u>-</u>	<u>5,730</u>	<u>-</u>	<u>-</u>	<u>150,622</u>	<u>6,404</u>
\$ 68,347	\$ -	\$ -	\$ 5,730	\$ -	\$ -	\$ 150,622	\$ 6,404
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 833
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	148,601	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,601</u>	<u>833</u>
68,347	-	-	5,730	-	-	2,021	5,571
<u>68,347</u>	<u>-</u>	<u>-</u>	<u>5,730</u>	<u>-</u>	<u>-</u>	<u>2,021</u>	<u>5,571</u>
\$ 68,347	\$ -	\$ -	\$ 5,730	\$ -	\$ -	\$ 150,622	\$ 6,404

(continued)

<u>Ward Foundation Parks Donation</u>	<u>1989 TX CIN TX C</u>	<u>1992 TCDP-TCR Infrastructure Venture</u>	<u>Flood Protection Study Grant</u>	<u>Fire Special Revenue</u>	<u>Palace Theater</u>	<u>1999 (Overlook) TDHCA Grant</u>	<u>1999 Local Law Enforcement Grant</u>
\$ 31,157	\$ 15,525	\$ 70	\$ -	\$ 7,208	\$ 4,436	\$ -	\$ -
-	-	-	-	-	-	-	-
-	15,525	-	-	-	-	-	-
-	-	60,882	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,212	-
-	-	-	-	-	-	-	-
<u>\$ 31,157</u>	<u>\$ 31,050</u>	<u>\$ 60,952</u>	<u>\$ -</u>	<u>\$ 7,208</u>	<u>\$ 4,436</u>	<u>\$ 1,212</u>	<u>\$ -</u>
\$ -	\$ 15,525	\$ -	\$ -	\$ -	\$ 4,436	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,212	-
-	15,525	60,882	-	-	-	-	-
-	-	-	-	-	-	-	-
-	<u>31,050</u>	<u>60,882</u>	<u>-</u>	<u>-</u>	<u>4,436</u>	<u>1,212</u>	<u>-</u>
<u>31,157</u>	-	<u>70</u>	<u>-</u>	<u>7,208</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>31,157</u>	-	<u>70</u>	<u>-</u>	<u>7,208</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 31,157</u>	<u>\$ 31,050</u>	<u>\$ 60,952</u>	<u>\$ -</u>	<u>\$ 7,208</u>	<u>\$ 4,436</u>	<u>\$ 1,212</u>	<u>\$ -</u>

(continued)

Activity Tourism Center	Tax Increment Financing District	Court Technology	Court Building Security	2001 Local Law Enforcement Grant	FEMA Engineering Grant	Totals	
						September 30,	
						2002	2001
\$ 98,245	\$ -	\$ 9,395	\$ 15,785	\$ 3,212	\$ -	\$ 785,133	\$ 748,202
-	-	-	-	-	-	55,776	56,496
-	-	-	-	-	-	19,439	151
-	-	-	-	-	-	60,882	84,513
-	-	-	-	-	-	-	19,245
-	-	-	-	-	-	139,052	-
-	-	-	-	-	-	-	733,515
<u>\$ 98,245</u>	<u>\$ -</u>	<u>\$ 9,395</u>	<u>\$ 15,785</u>	<u>\$ 3,212</u>	<u>\$ -</u>	<u>\$ 1,060,282</u>	<u>\$ 1,642,122</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399,309	\$ 84,097
-	-	-	-	-	-	5,013	2,073
-	2,008,672	-	-	-	5,478	2,233,180	702,218
-	-	-	-	-	-	225,008	214,483
-	-	-	-	3,169	408	3,577	27,944
-	2,008,672	-	-	3,169	5,886	2,866,087	1,030,815
<u>98,245</u>	<u>(2,008,672)</u>	<u>9,395</u>	<u>15,785</u>	<u>43</u>	<u>( 5,886)</u>	<u>(1,805,805)</u>	<u>611,307</u>
<u>98,245</u>	<u>(2,008,672)</u>	<u>9,395</u>	<u>15,785</u>	<u>43</u>	<u>( 5,886)</u>	<u>(1,805,805)</u>	<u>611,307</u>
<u>\$ 98,245</u>	<u>\$ -</u>	<u>\$ 9,395</u>	<u>\$ 15,785</u>	<u>\$ 3,212</u>	<u>\$ -</u>	<u>\$ 1,060,282</u>	<u>\$ 1,642,122</u>

<u>Parks/ Recreation Special Revenue</u>	<u>Parks/ Recreation Events</u>	<u>IOOF Park Grant</u>	<u>Library Grants and Contributions</u>	<u>1997 Law Enforcement Block Grant</u>	<u>1998 Law Enforcement Block Grant</u>	<u>Economic Development Grants (TRVCIF)</u>	<u>City/County Economic Development</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110	37	-	15	-	-	2,021	45,244
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
26,791	28,470	-	5,142	-	-	-	-
10	68	-	-	-	-	-	-
<u>26,911</u>	<u>28,575</u>	<u>-</u>	<u>5,157</u>	<u>-</u>	<u>-</u>	<u>2,021</u>	<u>45,244</u>
-	-	-	-	-	-	-	45,558
-	-	-	-	-	-	-	-
329,989	73,700	-	4,140	-	-	215,550	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>329,989</u>	<u>73,700</u>	<u>-</u>	<u>4,140</u>	<u>-</u>	<u>-</u>	<u>215,550</u>	<u>45,558</u>
( 303,078)	( 45,125)	-	1,017	-	-	( 213,529)	( 314)
31,783	52,219	43,516	-	-	6,378	-	-
-	( 11,783)	-	-	-	-	( 6,378)	-
<u>31,783</u>	<u>40,436</u>	<u>43,516</u>	<u>-</u>	<u>-</u>	<u>6,378</u>	<u>( 6,378)</u>	<u>-</u>
( 271,295)	( 4,689)	43,516	1,017	-	6,378	( 219,907)	( 314)
339,642	4,689	( 43,516)	4,713	-	( 6,378)	221,928	5,885
-	-	-	-	-	-	-	-
<u>\$ 68,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,021</u>	<u>\$ 5,571</u>

(continued)