

Ward Foundation Parks Donation	1989 TX CIN TX C	1992 TCDP-TCR Infrastructure Venture	Flood Protection Study Grant	Fire Special Revenue	Palace Theater	1999 (Overlook) TDHCA Grant	1999 Local Law Enforcement Grant
\$ 40,000 238	\$ - (5)	\$ -	\$ -	\$ - 23	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	9,474	680	-	1,212	-
-	-	-	-	7,800	-	-	-
<u>40,238</u>	<u>(5)</u>	<u>-</u>	<u>9,474</u>	<u>8,503</u>	<u>-</u>	<u>1,212</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	2,522	-	-	-
-	-	-	1	-	-	1,212	-
9,081	-	-	-	-	6,912	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>9,081</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>2,522</u>	<u>6,912</u>	<u>1,212</u>	<u>-</u>
<u>31,157</u>	<u>(5)</u>	<u>-</u>	<u>9,473</u>	<u>5,981</u>	<u>(6,912)</u>	<u>-</u>	<u>-</u>
-	-	-	17,327	-	18,295	-	-
-	-	-	-	-	-	-	-
-	-	-	<u>17,327</u>	<u>-</u>	<u>18,295</u>	<u>-</u>	<u>-</u>
31,157	(5)	-	26,800	5,981	11,383	-	-
-	5	70	(26,800)	1,227	(11,383)	-	-
-	-	-	-	-	-	-	-
<u>\$ 31,157</u>	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 7,208</u>	<u>\$ -</u>	<u>\$ -</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,012	\$ 125,627
812	-	35	47	-	-	54,884	26,454
-	-	10,038	10,038	43	-	26,919	22,062
-	-	-	-	-	-	5,014	3,222
-	-	-	-	-	-	-	99,720
-	-	-	-	20,895	63,491	1,306,877	786,623
-	54,820	-	-	-	-	135,969	23,167
<u>812</u>	<u>54,820</u>	<u>10,073</u>	<u>10,085</u>	<u>20,938</u>	<u>63,491</u>	<u>1,785,675</u>	<u>1,086,875</u>
-	1,528,943	-	-	-	-	2,535,458	261,305
-	-	-	-	-	-	24,640	68,175
-	-	-	-	-	-	180,684	424,825
50,330	-	-	921	23,569	69,377	1,269,393	477,336
-	-	-	-	-	-	18,166	6,325
-	-	-	-	-	-	236,749	-
-	154,820	6,690	-	-	-	161,510	-
-	40,637	606	-	-	-	41,243	-
<u>50,330</u>	<u>1,724,400</u>	<u>7,296</u>	<u>921</u>	<u>23,569</u>	<u>69,377</u>	<u>4,467,843</u>	<u>1,237,966</u>
(49,518)	(1,669,580)	2,777	9,164	(2,631)	(5,886)	(2,682,168)	(151,091)
-	-	-	-	2,674	-	496,600	461,505
-	(168,341)	-	-	-	-	(231,544)	(115,368)
-	(168,341)	-	-	2,674	-	265,056	346,137
(49,518)	(1,837,921)	2,777	9,164	43	(5,886)	(2,417,112)	195,046
147,763	(170,751)	6,618	6,621	-	-	611,307	545,466
-	-	-	-	-	-	-	22,366
<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>\$ 762,878</u>

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 and trust funds.

2001 CO Construction	Totals	
	September 30,	
	2002	2001
\$ 1,960,595	\$ 1,960,926	\$ 2,202,963
<u>6,260</u>	<u>136,380</u>	<u>-</u>
\$ <u>1,966,855</u>	\$ <u>2,097,306</u>	\$ <u>2,202,963</u>
\$ -	\$ 109	\$ 112,743
<u>14,778</u>	<u>144,898</u>	<u>172,087</u>
<u>14,778</u>	<u>145,007</u>	<u>284,830</u>
<u>1,952,077</u>	<u>1,952,299</u>	<u>1,918,133</u>
<u>1,952,077</u>	<u>1,952,299</u>	<u>1,918,133</u>
\$ <u>1,966,855</u>	\$ <u>2,097,306</u>	\$ <u>2,202,963</u>

2001 CO Construction	Totals	
	September 30,	
	2002	2001
\$ 39,221	\$ 46,127	\$ 28,883
6,260	18,458	-
<u>45,481</u>	<u>64,585</u>	<u>28,883</u>
-	631,720	795,208
-	<u>631,720</u>	<u>795,208</u>
<u>45,481</u>	(567,135)	(766,325)
-	104,863	45,745
-	(27,874)	(45,745)
-	<u>524,312</u>	<u>2,645,390</u>
-	<u>601,301</u>	<u>2,645,390</u>
45,481	34,166	1,879,065
<u>1,906,596</u>	<u>1,918,133</u>	<u>39,068</u>
\$ <u>1,952,077</u>	\$ <u>1,952,299</u>	\$ <u>1,918,133</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

CITY OF CORSICANA, TEXAS

COMBINING BALANCE SHEET

ALL ENTERPRISE FUNDS

SEPTEMBER 30, 2002

(With Comparative Totals for September 30, 2001)

			Totals	
	Utility Operating	Sanitation	September 30,	
			2002	2001
ASSETS AND OTHER DEBITS				
Assets:				
Cash and cash equivalents	\$ 1,059,331	\$ 837,018	\$ 1,896,349	\$ 1,300,264
Receivables - net:				
Accounts	3,186,370	253,553	3,439,923	1,384,183
Due from other funds	3,357,877	-	3,357,877	157,309
Restricted assets:				
Funds held by Trinity River Authority	443,827	-	443,827	495,878
Cash and cash equivalents	3,469,157	332,452	3,801,609	10,136,057
Land	3,648,279	218,558	3,866,837	3,866,837
Buildings	-	143,111	143,111	143,111
Improvements other than buildings	56,745,746	2,381,277	59,127,023	44,931,411
Machinery and equipment	8,619,571	5,890,600	14,510,171	13,691,440
Construction in progress	-	-	-	9,394,720
Accumulated depreciation	(19,547,823)	(4,300,098)	(23,847,921)	(21,663,616)
Unamortized discount on bonds sold	642,106	72,419	714,525	534,429
Unamortized loss on early extinguishment	-	-	-	174,461
Total Assets	\$ 61,624,441	\$ 5,828,890	\$ 67,453,331	\$ 64,546,484

(continued)

CITY OF CORSICANA, TEXAS

COMBINING BALANCE SHEET

ALL ENTERPRISE FUNDS

(Continued)

SEPTEMBER 30, 2002

(With Comparative Totals for September 30, 2001)

			Totals	
	Utility Operating	Sanitation	September 30,	
			2002	2001
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 644,070	\$ 115,957	\$ 760,027	\$ 724,214
Accrued compensated absences	162,489	8,273	170,762	141,858
Accrued interest payable	263,636	20,673	284,309	287,595
Current portion of long-term debt	1,745,000	260,000	2,005,000	1,920,000
Accrued payroll	114,361	22,132	136,493	131,424
Landfill closure liability	-	177,714	177,714	155,524
Payable from restricted assets:				
Customer deposits payable	256,195	-	256,195	253,285
Due to other funds	798,770	173	798,943	99,391
Due to state	-	51,244	51,244	40,450
Deferred revenue	1,606,614	-	1,606,614	-
Capital leases payable	241,471	799,595	1,041,066	576,195
Bonds payable	30,421,000	2,305,000	32,726,000	33,000,000
Total Liabilities	36,253,606	3,760,761	40,014,367	37,329,936
Fund Equity:				
Retained earnings:				
Contributed capital	9,398,208	-	9,398,208	9,398,208
Reserved for bond retirement	2,884,824	-	2,884,824	1,373,983
Reserved for construction	3,662,226	-	3,662,226	2,073,977
Unreserved	9,425,577	2,068,129	11,493,706	14,370,380
Total Fund Equity	25,370,835	2,068,129	27,438,964	27,216,548
Total Liabilities and Fund Equity	\$ 61,624,441	\$ 5,828,890	\$ 67,453,331	\$ 64,546,484

CITY OF CORSICANA, TEXAS

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS

ALL ENTERPRISE FUNDS

YEAR ENDED SEPTEMBER 30, 2002

(With Comparative Totals for the Year Ended September 30, 2001)

			Totals	
	Utility Operating	Sanitation	September 30,	
			2002	2001
OPERATING REVENUE				
Charges for 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	7,879	830,638	838,517	869,494
Landfill	-	1,828,645	1,828,645	1,626,599
Grant and contribution	-	-	-	90,000
Miscellaneous	291,967	106,109	398,076	190,338
Total Operating Revenue	<u>9,865,592</u>	<u>2,765,392</u>	<u>12,630,984</u>	<u>12,343,921</u>
OPERATING EXPENSES				
Costs of sales and services	5,649,465	1,413,598	7,063,063	7,785,379
Administration	947,565	361,336	1,308,901	1,606,387
Depreciation	1,895,933	288,372	2,184,305	1,778,311
Total Operating Expenses	<u>8,492,963</u>	<u>2,063,306</u>	<u>10,556,269</u>	<u>11,170,077</u>
OPERATING INCOME	<u>1,372,629</u>	<u>702,086</u>	<u>2,074,715</u>	<u>1,173,844</u>
NONOPERATING REVENUE (EXPENSES)				
Transfers in	-	168,341	168,341	1,425,326
Transfers out	(303,186)	(72,372)	(375,558)	(1,822,085)
Interest revenue	229,598	9,444	239,042	699,927
Interest expense and fees	(1,668,105)	(216,019)	(1,884,124)	(1,717,430)
Total Nonoperating Revenue (Expenses)	<u>(1,741,693)</u>	<u>(110,606)</u>	<u>(1,852,299)</u>	<u>(1,414,262)</u>
NET INCOME (LOSS)	<u>(369,064)</u>	<u>591,480</u>	<u>222,416</u>	<u>(240,418)</u>
RETAINED EARNINGS, OCTOBER 1	16,341,691	1,476,649	17,818,340	18,566,664
PRIOR PERIOD ADJUSTMENTS	-	-	-	(507,906)
RETAINED EARNINGS, SEPTEMBER 30	<u>\$ 15,972,627</u>	<u>\$ 2,068,129</u>	<u>\$ 18,040,756</u>	<u>\$ 17,818,340</u>

CITY OF CORSICANA, TEXAS
COMBINING STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES

YEAR ENDED SEPTEMBER 30, 2002
(With Comparative Totals for the Year Ended September 30, 2001)

			Totals	
	Utility Operating	Sanitation	September 30,	
			2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 1,372,629	\$ 702,086	\$ 2,074,715	\$ 1,173,844
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,895,933	288,372	2,184,305	1,778,311
Change in assets and liabilities:				
Decrease (increase) in receivables	(298,561)	(156,200)	(454,761)	866,454
Decrease (increase) in due froms	(3,357,877)	157,309	(3,200,568)	1,032,103
Increase (decrease) in accounts payable	(21,565)	57,378	35,813	651,304
Increase (decrease) in accrued wages payable	17,517	(12,448)	5,069	85,814
Increase (decrease) in due tos	700,009	(457)	699,552	99,391
Increase (decrease) in accrued expenses	32,121	29,391	61,512	1,034
Total Adjustments	(1,032,423)	363,345	(669,078)	4,514,411
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Prior period adjustments	-	-	-	(507,906)
Operating transfers from (to) primary government	-	168,341	168,341	1,425,326
Operating transfers from (to) other funds	(303,186)	(72,372)	(375,558)	(1,822,085)
Net Cash Used by Noncapital Financing Activities	(303,186)	95,969	(207,217)	(904,665)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	1,731,000	-	1,731,000	3,915,000
Principal paid on long-term debt	(1,685,000)	(235,000)	(1,920,000)	(1,820,000)
Interest paid on long-term debt	(1,668,105)	(216,019)	(1,884,124)	(1,692,485)
Acquisition or construction of capital assets	(4,962,926)	(656,696)	(5,619,622)	(12,652,705)
Proceeds from capital leases	183,800	686,000	869,800	291,424
Principal paid on capital leases	(151,824)	(253,106)	(404,930)	(235,038)
Contributed capital	-	-	-	257,988
Net Cash Used for Capital and Related Financing Activities	(6,553,055)	(674,821)	(7,227,876)	(11,935,816)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	229,598	9,444	239,042	699,928
Net Cash Provided for Investing Activities	229,598	9,444	239,042	699,928
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,286,437)	496,023	(5,790,414)	(6,452,298)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,258,752	673,447	11,932,199	18,384,497
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,972,315	\$ 1,169,470	\$ 6,141,785	\$ 11,932,199

CITY OF CORSICANA, TEXAS

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS

ALL ENTERPRISE FUNDS

YEAR ENDED SEPTEMBER 30, 2002

(With Comparative Totals for the Year Ended September 30, 2001)

	Utility Operating	Sanitation	Totals September 30,	
			2002	2001
OPERATING REVENUE				
Charges for 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	7,879	830,638	838,517	869,494
Landfill	-	1,828,645	1,828,645	1,626,599
Grant and contribution	-	-	-	90,000
Miscellaneous	291,967	106,109	398,076	190,338
Total Operating Revenue	<u>9,865,592</u>	<u>2,765,392</u>	<u>12,630,984</u>	<u>12,343,921</u>
OPERATING EXPENSES				
Sampling and analysis	489,091	-	489,091	453,652
WW Treatment Plants:				
Overland Flow Wastewater Treatment Plant	-	-	-	163,009
#2 Wastewater Treatment Plant	1,142,840	-	1,142,840	922,288
Water Treatment Plants:				
Navarro Mills Plant	1,812,554	-	1,812,554	1,612,598
Lake Halbert Plant	-	-	-	484,530
Utility system maintenance	1,399,950	-	1,399,950	1,604,120
Utility line replacement	267,047	-	267,047	261,617
Customer accounting and collections	537,983	-	537,983	356,613
Construction Projects:				
I45 @ St. Louis and Utility Lines	-	-	-	7,207
15th Street Lift Station	-	-	-	6,170
2nd Avenue Sanitary Sewer	-	-	-	5,146
Trailridge Sanitary Sewer	-	-	-	24,974
Nondepartmental	2,843,498	649,708	3,493,206	3,612,005
Landfill operations	-	787,604	787,604	982,124
Contract collections	-	514,803	514,803	535,834
Bulk solid waste pickup	-	111,191	111,191	138,190
Total Operating Expenses	<u>8,492,963</u>	<u>2,063,306</u>	<u>10,556,269</u>	<u>11,170,077</u>
OPERATING INCOME	<u>1,372,629</u>	<u>702,086</u>	<u>2,074,715</u>	<u>1,173,844</u>
NONOPERATING REVENUE (EXPENSES)				
Transfers out	-	168,341	168,341	(1,822,085)
Transfers in	(303,186)	(72,372)	(375,558)	1,425,326
Interest revenue	229,598	9,444	239,042	699,927
Interest expense and fees	(1,668,105)	(216,019)	(1,884,124)	(1,717,430)
Total Nonoperating Revenue (Expenses)	<u>(1,741,693)</u>	<u>(110,606)</u>	<u>(1,852,299)</u>	<u>(1,414,262)</u>
NET INCOME	<u>(369,064)</u>	<u>591,480</u>	<u>222,416</u>	<u>(240,418)</u>
RETAINED EARNINGS, OCTOBER 1	<u>16,341,691</u>	<u>1,476,649</u>	<u>17,818,340</u>	<u>18,566,664</u>
PRIOR PERIOD ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>(507,906)</u>
RETAINED EARNINGS, SEPTEMBER 30	<u>\$ 15,972,627</u>	<u>\$ 2,068,129</u>	<u>\$ 18,040,756</u>	<u>\$ 17,818,340</u>

TRUST AND AGENCY FUNDS

Trust Funds are used to account for assets held by the government in a trustee capacity. *Agency Funds* are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

CITY OF CORSICANA, TEXAS

COMBINING BALANCE SHEETS

ALL AGENCY FUNDS

SEPTEMBER 30, 2002 AND 2001

		<u>Totals</u>	
	<u>Police Seizures</u>	<u>September 30,</u>	
		<u>2002</u>	<u>2001</u>
ASSETS AND OTHER DEBITS			
Assets:			
Cash	\$ <u>60</u>	\$ <u>60</u>	\$ <u>60</u>
Total Assets	\$ <u><u>60</u></u>	\$ <u><u>60</u></u>	\$ <u><u>60</u></u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ <u>60</u>	\$ <u>60</u>	\$ <u>60</u>
Total Liabilities	\$ <u><u>60</u></u>	\$ <u><u>60</u></u>	\$ <u><u>60</u></u>

CITY OF CORSICANA, TEXAS

COMBINING STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

SEPTEMBER 30, 2002

	Balance October 1, 2001	Additions	Deductions	Balance September 30, 2002
POLICE SEIZURES				
Assets:				
Cash	\$ 60	\$ -	\$ -	\$ 60
Total Assets	\$ 60	\$ -	\$ -	\$ 60
Liabilities:				
Accounts payable	\$ 60	\$ -	\$ -	\$ 60
Total Liabilities	\$ 60	\$ -	\$ -	\$ 60

**OVERALL COMPLIANCE,
INTERNAL CONTROLS AND FEDERAL
AWARDS SECTION**

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

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

We have audited the general purpose financial statements of the City of Corsicana, Texas, as of and for the year ended September 30, 2002, and have issued our report thereon dated March 26, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Corsicana, Texas' general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Corsicana, Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Corsicana, Texas, in a separate letter dated March 26, 2003.

That report is intended solely for the information and use of management, others within the organization, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill L.L.P.

March 26, 2003

**INDEPENDENT AUDITORS' COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Corsicana, Texas, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2002. The City of Corsicana, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Corsicana, Texas' management. Our responsibility is to express an opinion on the City of Corsicana, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Corsicana, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Corsicana, Texas' compliance with those requirements.

In our opinion, the City of Corsicana, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2002.

Internal Control Over Compliance

The management of the City of Corsicana, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Corsicana, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown + Hill L.L.P.

March 26, 2003

CITY OF CORSICANA, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2002

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	None
Reportable condition(s) identified that are not considered to be material weakness(es)?	None
Internal control over major programs: Material weakness(es) identified?	None
Reportable condition(s) identified that are not considered to be material weakness(es)?	None
Noncompliance which is material to the general purpose financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A- 133	None
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Low risk auditee statement	The City did not qualify as a low-risk auditee in the context of OMB Circular A-133
Major federal programs	Environmental Protection Agency: Capitalization Grants for Drinking Water State Revolving Funds, CFDA #66.468 U. S. Department of Transportation and Aviation Grant, CFDA #20.106

**Findings Relating to the Financial Statements Which are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None

CITY OF CORSICANA, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2002

None

CITY OF CORSICANA, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2002

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Housing and Community Development:			
Community Development Block Grants/State's Program: Housing Infrastructure Fund Project: Overlook	14.228	719108	\$ 1,212
Community Development Block Grants/State's Program: Home Buyer Program		530096	7,305
Total U. S. Department of Housing and Urban Development			8,517
<u>U. S. Fish and Wildlife Services</u>			
Passed through Texas Parks and Recreation Department:			
Sport Fish Restoration: Lake Halbert Boat Ramp	15.605	162914744	124,258
Total U. S. Fish and Wildlife Services			124,258
<u>U. S. Department of Justice</u>			
Local Law Enforcement Block Grant	16.592	2000-LB-BX-2183	3,880
Local Law Enforcement Block Grant	16.592	2001-LB-BX-2737	20,895
Bullet Proof Vest Partnership Program	16.607		2,300
COPS More	16.710	2001 CMWX0419	68,258
Total U. S. Department of Justice			95,333
<u>U. S. Department of Transportation</u>			
Office of Federal Aviation Administration			
Passed through Texas Department of Transportation:			
Aviation Grant	20.106	0118CORSI	4,608
Aviation Grant	20.106	9918CORSI	832,254
Total Federal U. S. Department of Transportation			836,862
<u>Environmental Protection Agency</u>			
Office of Water			
Passed through Texas Water Development Board:			
Capitalization Grants for Drinking Water State Revolving Fund	66.468	60135-199A	922,739
Total Environmental Protection Agency			922,739
<u>Federal Department of Emergency Management</u>			
Cooperative Technical Partnership Grant		EMT-2001-CA-0093	63,492
Total Federal Department of Emergency Management			63,492
Total Federal Expenditures			\$ 2,051,201

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NOTES TO THE SCHEDULE OF EX

FOR THE YEAR ENDI

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of the City of Corsicana, Texas, and is presented in this schedule is presented in accordance with *Audits of States, Local Governments and* presented in this schedule may differ from annual general purpose financial statements.

SUPPLEMENTARY INFORMATION

CITY OF CORSICANA, TEXAS

TOP TEN TAXPAYERS

SEPTEMBER 30, 2002

Taxpayer's Name

1. K-Mart Corporation
2. Guardian Industrial Corporation
3. Russell Stover Candies - Abated
4. Tru-Serv Corp. - Non-abated
5. Pactive Foam
6. Oncor Electric Delivery Company
7. Williamhouse of Texas, LLC
8. Southwestern Bell Telephone - Abated
9. Navarro Regional Hospital
10. Guardian Industrial Corporation - Abated

CITY OF CORSICANA, TEXAS
MISCELLANEOUS STATISTICAL FACTS
FOR THE YEAR ENDED SEPTEMBER 30, 2002
(UNAUDITED)

Date of Incorporation	1848
Date of Adoption of City Charter	1996
Form of Government	Mayor/Council
Area	22.73 sq. miles
Building Permits:	
Permits Issued	208
Estimated Cost	\$ 11,293,897
Fire Protection:	
Number of Fire Stations	4
Number of Employees	38
Recreation:	
Parks	625.5 acres
Playgrounds	9
Number of Swimming Pools	2
Municipal Water Plant:	
Number of Meters in Service	8741
Average Daily Consumption	7480 mgd.
Maximum Daily Capacity of Water Production	20.25 mgd.
Number of Gallons Registered Through Master Meter	2738 m.
Number of Gallons Sold	2,443,832 gal.
Number of Fire Hydrants	720
Municipal Employees	260

Historical Data
Population - City of Corsicana

<u>Year</u>	<u>Population *</u>
1920	11,356
1930	15,202
1940	15,232
1950	19,108
1960	20,344
1970	19,972
1980	21,712
1990	22,911

* Data provided from Federal Census

CITY OF CORSICANA, TEXAS

TOP TEN EMPLOYERS

SEPTEMBER 30, 2002

<u>Employer Name</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
1. Corsicana Independent School District	Government	795
2. Navarro College	Government	784
3. Russell Stover's Candies	Manufacturing	775
4. Collin Street Bakery	Manufacturing	500
5. Guardian Industries	Manufacturing	400
6. Navarro Regional Hospital	Medical Services	400
7. Texas Youth Commission	Government	335
8. City of Corsicana	Government	296
9. Navarro County	Government	289
10. Medical Arts Clinic	Medical Services	287

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