



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

The City of Corinth Mississippi

TOMMY IRWIN, MAYOR
VICKIE ROACH, CITY CLERK
RALPH DANCE, CHIEF OF POLICE
PHONE 662-286-8644
FAX 662-287-7240
EMAIL tommy@cityofcorinthms.com

MUNICIPAL



BUILDING

300 CHILDS STREET
P.O. BOX 669
CORINTH, MISSISSIPPI 38835-0669

ALDERMEN	
MIKE HOPKINS	AT-LARGE
ANDREW "BUBBA" LABAS	WARD 1
BEN ALBARRACIN	WARD 2
A.L. "CHIP" WOOD, III	WARD 3
J.C. HILL	WARD 4
MICHAEL McFALL	WARD 5

June 22, 2016

State of Mississippi
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

Re: 2015 City of Corinth Audit Report

Dear Mr. McLeod,

Please find enclosed the city of Corinth's most recent audit (FY2015). If there is any additional information is needed, please let me know.

Sincerely,

Vickie Roach
City Clerk

Enclosure

RECEIVED
JUN 27 2016

CITY OF CORINTH, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

RECEIVED
JUN 27 2016

**CITY OF CORINTH, MISSISSIPPI
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 8
Financial Statements	
Government-Wide Statement of Net Position	9
Government-Wide Statement of Activities	10
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Statement of Net Position – Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Notes to Financial Statements	20 - 37
Required Supplementary Information	
Budgetary Comparison Schedule for the General Fund - Non-GAAP Basis	38
Schedule of Required Supplementary – Pension	39
Notes to the Required Supplementary Information	40 - 41
Supplementary Information	
Combining Balance Sheet – Other Governmental Funds	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	43

CITY OF CORINTH, MISSISSIPPI
TABLE OF CONTENTS (Concluded)

	<u>Page</u>
Schedule of Expenditures of Federal Awards	44
Schedule of Surety Bonds for Municipal Officials	45
Compliance and Internal Control Reports	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46 - 47
Independent Auditors' Report on Compliance For Each Major Program and On Internal Control Over Compliance Required by OMB Circular A-133	48 - 49
Independent Auditors' Report on Compliance with State Laws and Regulations	50
Schedule of Findings and Questioned Costs	51 - 52

RECEIVED
JUN 27 2016



CERTIFIED PUBLIC ACCOUNTANTS
LOCATIONS IN CORINTH, MS & BOONEVILLE, MS

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA

515 E. Waldron St.
Post Office Box 458
Corinth, Mississippi 38835
Telephone (662) 286-7082
Fax (662) 286-3365

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Board of Aldermen
City of Corinth, Mississippi

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 Corinth, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units would have been presented as \$95,947,537, \$46,207,161, \$49,740,376, \$12,007,810 and \$11,948,927.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the City of Corinth, Mississippi, as of September 30, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously 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 Corinth, Mississippi, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof 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, Budgetary Comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability, and the Schedule of City Contributions on pages 4 through 8 and 38 through 41 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 Corinth, Mississippi's basic financial statements. The combining other governmental funds financial statements, are presented for purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profits Organizations, and is also not a required part of the basic financial statements.

The combining other governmental funds financial statements 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 other governmental funds 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 Schedule of Surety Bond for Municipal Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2016, on our consideration of the City of Corinth, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Corinth, Mississippi's internal control over financial reporting and compliance.

Brawner, Vanstony & Co., P.A.

June 20, 2016
Booneville, Mississippi

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

The discussion and analysis of the City of Corinth, Mississippi's financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2015. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the City's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in the City's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the City's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net position decreased \$11,530,073, which represents a 29.90% decrease from fiscal year 2014.
- General revenues account for \$12,029,287 in revenue, or 63.18% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,016,381 or 36.82% of total revenues.
- The City had \$19,850,327 in expenses; only \$7,016,381 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$12,029,287 and reserves were adequate to provide for these programs.
- Among major funds, the General Fund had \$10,753,380 in revenues and \$10,240,718 in expenditures. The General Fund's fund balance increased \$660,617 over the prior year.
- Governmental activities capital assets, net of accumulated depreciation, decreased by \$36,769 due to depreciation. Business-type activities capital assets, net of accumulated depreciation, increased by \$895,957, due mainly to construction of a new sewage treatment plant.
- Governmental activities long-term debt decreased by \$489,398 due to payment on debt. Business-type activities long-term debt increased by \$1,626,107 due to payment on debt \$1,182,281 and new loan advances of \$2,508,388.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The statement of net position presents information on all the City's assets and liabilities, with the difference between the two 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 in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline functions of the City that are principally supported by property and sales taxes (governmental activities) and sewer and solid waste charges (business-type activities). The governmental activities of the City include general government, public safety, public service, culture and recreation, and interest on long-term liabilities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the City's operations.

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 City's current 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. These reconciliations are on pages 12 and 14, respectively.

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 all major funds.

The basic governmental fund financial statements can be found on pages 11 and 13 of this report.

Proprietary Funds. Proprietary funds are used to account for the same functions reported as business-type activities in the government-wide financial statements, only in more detail. The City uses proprietary funds to account for the operations of the sewer system and solid waste system.

The basic proprietary fund financial statements can be found on pages 15-17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the City's own programs. The accrual basis of accounting is used for fiduciary funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are presented in separate Statements of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 18 and 19.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process.

The City adopts an annual operating budget for all governmental and proprietary funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 38-41 of this report.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. Net Position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflow exceeded liabilities and deferred inflows by \$27,038,191 as of September 30, 2015.

The largest portion of the City's net position (90.82%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens.

The City's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the City's net position for the fiscal year ended September 30, 2015 and 2014.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 12,700,527	\$ 12,076,889	\$ 5,004,741	\$ 5,885,221	\$ 17,705,268	\$ 17,962,110
Capital Assets, Net	13,323,577	13,360,346	46,293,784	45,361,058	59,617,361	58,721,404
Total Assets	26,024,104	25,437,235	51,298,525	51,246,279	77,322,629	76,683,514
Deferred Outflows of Resources	1,935,320	-	485,660	-	2,420,980	-
Other Liabilities	773,895	891,679	667,599	1,061,974	1,441,494	1,953,653
Long-Term Liabilities	16,504,079	5,872,482	32,251,154	27,855,313	48,755,233	33,727,795
Total Liabilities	17,277,974	6,764,161	32,918,753	28,917,287	50,196,727	35,681,448
Deferred Inflow of Resources	2,496,937	2,433,802	11,754	-	2,508,691	2,433,802
Net Position						
Net Investment in Capital Assets	7,876,526	7,487,864	16,809,715	17,505,745	24,686,241	24,993,609
Restricted	2,281,456	2,496,020	-	-	2,281,456	2,496,020
Unrestricted	(1,973,469)	6,255,388	2,043,963	4,823,247	70,494	11,078,635
Total Net Position	\$ 8,184,513	\$ 16,239,272	\$ 18,853,678	\$ 22,328,992	\$ 27,038,191	\$ 38,568,264

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- The principal retirement of \$562,089 of long-term debt in the governmental activities and \$1,179,633 in the business-type activities.
- The acquisition of \$138,499 in long-term debt (see Note 6) in the governmental activities and \$2,808,388 in the business-type activities.
- The acquisition of \$708,846 in infrastructure improvements, mobile equipment, and furniture and equipment in the governmental activities.
- The acquisition of \$312,029 in equipment and \$2,428,822 of sewer line improvements in the business-type activities.

Changes in net position. The City's total revenues for the fiscal year ended September 30, 2015, were \$19,045,668. The total cost of all programs and services was \$19,850,327. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2015 and 2014.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues	\$ 2,135,653	\$ 3,565,631	\$ 4,880,728	\$ 4,285,252	\$ 7,016,381	\$ 7,850,883
General Revenues	11,968,159	11,927,158	61,128	70,489	12,029,287	11,997,647
Total Revenues	14,103,812	15,492,789	4,941,856	4,355,741	19,045,668	19,848,530
Expenses						
General Government	2,059,431	2,007,502	-	-	2,059,431	2,007,502
Public Safety	5,611,320	5,404,186	-	-	5,611,320	5,404,186
Public Service	2,722,228	2,852,570	-	-	2,722,228	2,852,570
Culture and Recreation	1,705,430	1,679,506	-	-	1,705,430	1,679,506
Sewer	-	-	3,701,628	3,236,774	3,701,628	3,236,774
Solid Waste	-	-	2,136,583	1,563,956	2,136,583	1,563,956
Pension Expense	1,300,791	-	-	-	1,300,791	-
Interest on Long-Term Liabilities	179,039	189,026	433,877	186,954	612,916	375,980
Total Expenses	13,578,239	12,132,790	6,272,088	4,987,684	19,850,327	17,120,474
Increase (Decrease) in Net Position	\$ 525,573	\$ 3,359,999	\$ (1,330,232)	\$ (631,943)	\$ (804,659)	\$ 2,728,056

Governmental activities: Governmental activities increased the City's net position by \$525,573. The largest funding sources for the City's governmental activities are sales taxes of \$7,486,671, or 53%, property taxes of \$3,567,602, or 25%, and grants and contributions of \$1,167,408, or 8%. The largest expense categories for the City's governmental activities are public safety 41%, public service 20% and general government 15%.

Business-type activities: Business-type activities decreased the City's net position by \$1,330,232. Charges for services are the major revenue categories for the proprietary funds. The business-type revenues are comprised of \$2,942,046 for the sewer system and \$1,634,622 for the sanitation fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 current inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City's governmental activities as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$9,325,161, an increase of \$500,561. \$6,989,107 or 75% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the City's discretion. The remaining fund balance of \$2,336,054 or 25% is reserved or designated to indicate that it is not available for spending because \$1,872,199 or 20% is restricted for specific programs and \$463,855 or 5% is committed to specific programs.

The General Fund is the principal operating fund of the City. The increase in fund balance in the General Fund for the fiscal year was \$660,617, or 10.44%.

Proprietary Funds. The focus of the City's proprietary funds is the same as is provided in the government-wide financial statements, only in more detail. Unrestricted net position of the Sewer System Enterprise Fund at year-end amounted to \$2,529,538. The decrease in net position amounted to \$705,287. Unrestricted net position of the Sanitation Enterprise Fund at year-end amounted to (\$341,299). The decrease in net position amounted to \$480,669.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised the annual operating budget for the General Fund to adjust line items between functions and increase budgeted expenditures based on revised revenue estimates.

Schedules showing the original and final budget amounts compared to the City's actual financial activity for the General Fund and each major special revenue fund are provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of September 30, 2015, the City's total capital assets were \$83,384,309, including land, buildings, construction in progress, infrastructure, and equipment. This amount represents an increase of \$3,377,723 from the previous year, due primarily to improvements to the wastewater treatment plant. Total accumulated depreciation as of September 30, 2015, was \$23,716,948, and total depreciation expense for the year was \$2,542,611, resulting in total net capital assets of \$59,617,361.

Additional information of the City's capital assets can be found in the Notes 1 and 4 of this report.

Debt Administration. At September 30, 2015, the City had \$35,351,412 in long-term debt outstanding, of which \$2,132,874 is due within one year. This represents an increase of \$2,946,887 as a result of capital leases issued and advances on the wastewater treatment plant loan.

Additional information of the City's long-term debt can be found in the Notes 1 and 5 of this report.

CURRENT ISSUES

The City of Corinth, Mississippi is financially stable.

The City has committed itself to financial excellence for many years. In addition, the City system of financial planning, budgeting and internal financial controls are well regarded. The City plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Mayor's Office of the City of Corinth, Mississippi, 300 Childs Street, Corinth, MS 38834.

The City of Corinth Mississippi

TOMMY IRWIN, MAYOR
VICKIE ROACH, CITY CLERK
RALPH DANCE, CHIEF OF POLICE
PHONE 662-286-6644
FAX 662-287-7240
EMAIL tommy@cityofcorinthms.com

MUNICIPAL



BUILDING

300 CHILDS STREET
P.O. BOX 669
CORINTH, MISSISSIPPI 38835-0669

ALDERMEN	AT-LARGE
MIKE HOPKINS	WARD 1
ANDREW "BUBBA" LABAS	WARD 2
BEN ALBARRACIN	WARD 3
A.L. "CHIP" WOOD, III	WARD 4
J.C. HILL	WARD 5
MICHAEL McFALL	

June 24, 2016

State of Mississippi
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

Re: City of Corinth FY2015 Audit Report Correction

Dear Ms. Waddell,

Please find enclosed a corrected copy of page 44 to replace the existing copy from the City of Corinth's 2015 audit sent to you on June 22, 2016. We are sorry for any inconvenience.

Sincerely,

A handwritten signature in cursive script that reads "Vickie Roach".

Vickie Roach
City Clerk

Enclosure

RECEIVED
JUN 30 2016

CITY OF CORINTH, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash in Bank	\$ 8,868,223	\$ 4,512,180	\$ 13,380,403
Accounts Receivable, Net	115,250	399,893	515,143
Property Taxes Receivable	2,449,921	-	2,449,921
Fines Receivable, Net of Allowance for Doubtful Accounts	576,588	-	576,588
Interfund Receivable (Payable)	4,000	(4,000)	-
Intergovernmental Receivables	686,545	96,668	783,213
Capital Assets Not Being Depreciated	1,059,999	1,975,845	3,035,844
Capital Assets, Net of Accumulated Depreciation	12,263,578	44,317,939	56,581,517
Total Assets	26,024,104	51,298,525	77,322,629
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts - Pensions	1,935,320	485,660	2,420,980
LIABILITIES			
Accounts Payable and Accrued Expenses	403,455	617,746	1,021,201
Long Term Liabilities:			
Compensated Absences	370,440	49,853	420,293
Due Within One Year	609,171	1,523,703	2,132,874
Due in More Than One Year	4,837,880	27,960,365	32,798,245
Net Pension Liability	11,057,028	2,767,086	13,824,114
Total Liabilities	17,277,974	32,918,753	50,196,727
Deferred In Flows of Resources			
Unavailable Revenue - property taxes	2,449,921	-	2,449,921
Deferred Amounts - Pensions	47,016	11,754	58,770
Total Deferred In Flows of Resources	2,496,937	11,754	2,508,691
NET POSITION			
Net Investment in Capital Assets	7,876,526	16,809,715	24,686,241
Restricted Net Position:			
Expendable:			
Debt Service	363,643	-	363,643
Public Safety	373,580	-	373,580
Public Service	130,008	-	130,008
Culture & Recreation	1,414,225	-	1,414,225
Unrestricted	(1,973,469)	2,043,963	70,494
Total Net Position	\$ 8,184,513	\$ 18,853,678	\$ 27,038,191

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

**CITY OF CORINTH, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 2,059,431	\$ 171,404	\$ 9,602	\$ -	\$ (1,878,425)	\$ -	\$ (1,878,425)
Public Safety	5,611,320	804,108	79,294	140,894	(4,587,024)	-	(4,587,024)
Public Service	2,722,228	-	642,127	5,900	(2,074,201)	-	(2,074,201)
Culture and Recreation	1,705,430	-	282,324	-	(1,423,106)	-	(1,423,106)
Pension Expense	1,300,791	-	-	-	(1,300,791)	-	(1,300,791)
Interest on Long-Term Liabilities	179,039	-	-	-	(179,039)	-	(179,039)
Total Governmental Activities	13,578,239	975,512	1,013,347	146,794	(11,442,586)	-	(11,442,586)
Business-Type Activities							
Sewer	3,701,628	2,942,046	-	304,060	-	(455,522)	(455,522)
Solid Waste	2,136,583	1,634,622	-	-	-	(501,961)	(501,961)
Interest on Long-Term Liabilities	433,877	-	-	-	-	(433,877)	(433,877)
Total Business-Type Activities	6,272,088	4,576,668	-	304,060	-	(1,391,360)	(1,391,360)
Total Government	\$ 19,850,327	\$ 5,552,180	\$ 1,013,347	\$ 450,854	(11,442,586)	(1,391,360)	(12,833,946)
General Revenues:							
Taxes:							
Property					3,567,602	-	3,567,602
Sales					7,486,671	-	7,486,671
Franchise					498,038	-	498,038
Gasoline					13,564	-	13,564
Pro-Rata Road					153,043	-	153,043
Other Permits and Taxes					120,004	-	120,004
Non-Restricted Grants					7,267	-	7,267
Investment Earnings					4,704	2,601	7,305
Gain (Loss) on Sale of Capital Assets					9,022	-	9,022
Other					108,244	58,527	166,771
Total General Revenues and Transfers					11,968,159	61,128	12,029,287
Change in Net Position					525,573	(1,330,232)	(804,659)
Net Position, Beginning					16,239,272	22,328,992	38,568,264
Cumulative Effect Adjustment - GASB 68					(8,580,332)	(2,145,082)	(10,725,414)
Net Position, Beginning - Restated					7,658,940	20,183,910	27,842,850
Net Position, Ending					\$ 8,184,513	\$ 18,853,678	\$ 27,038,191

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

**CITY OF CORINTH, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Major Fund	Other Governmental Funds	Total Governmental Funds
	General Fund		
ASSETS:			
Cash	\$ 6,655,755	\$ 2,212,468	\$ 8,868,223
Property Taxes Receivable	1,799,803	650,118	2,449,921
Intergovernmental Receivables	541,833	144,712	686,545
Fines Receivable, Net	576,588	-	576,588
Other Receivables	115,250	-	115,250
Due from Sewer Enterprise Fund	4,000	-	4,000
	<u>9,693,229</u>	<u>3,007,298</u>	<u>12,700,527</u>
Total Assets	<u>\$ 9,693,229</u>	<u>\$ 3,007,298</u>	<u>\$ 12,700,527</u>
LIABILITIES AND FUND BALANCES:			
Liabilities			
Accounts Payable	\$ 91,759	\$ 21,126	\$ 112,885
Accrued Liabilities	235,972	-	235,972
	<u>327,731</u>	<u>21,126</u>	<u>348,857</u>
Total Liabilities	<u>327,731</u>	<u>21,126</u>	<u>348,857</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	1,799,803	650,118	2,449,921
Unavailable Revenue - Fines	576,588	-	576,588
	<u>2,376,391</u>	<u>650,118</u>	<u>3,026,509</u>
Total Deferred Inflows of Resources	<u>2,376,391</u>	<u>650,118</u>	<u>3,026,509</u>
FUND BALANCES:			
Restricted for			
Public Safety	-	373,581	373,581
Public Service	-	130,007	130,007
Debt Service	-	418,241	418,241
Culture and Recreation	-	950,370	950,370
Committed to			
Culture and Recreation	-	463,855	463,855
Unassigned	6,989,107	-	6,989,107
	<u>6,989,107</u>	<u>2,336,054</u>	<u>9,325,161</u>
Total Fund Balances	<u>6,989,107</u>	<u>2,336,054</u>	<u>9,325,161</u>
	<u>\$ 9,693,229</u>	<u>\$ 3,007,298</u>	<u>\$ 12,700,527</u>
Total Liabilities and Fund Balances	<u>\$ 9,693,229</u>	<u>\$ 3,007,298</u>	<u>\$ 12,700,527</u>

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

RECEIVED
JUN 27 2016

**CITY OF CORINTH, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Amount
Total Fund Balances - Governmental Funds	\$ 9,325,161
Amounts reported for governmental activities in the statement of net position are different because:	
1. Certain assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	576,588
2. Capital assets are used in governmental activities but are not financial resources, and, therefore, are not reported in the funds, net of accumulated depreciation of \$5,930,484. (Note 4)	13,323,577
3. Deferred outflows and inflows related to pensions are applicable to future periods and therefore, are not reported in Governmental Funds Balance Sheet:	
Deferred outflows of resources related to defined benefit pension plan	1,935,320
Deferred inflows of resources related to defined benefit pension plan	(47,016)
4. Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds. (Note 5)	
Net Pension Liability	(11,057,028)
General Obligation Bonds Payable	(4,970,000)
Bond Premiums	(18,376)
Bond Discounts	11,162
Other Loans Payable	(331,338)
Capital Leases	(138,499)
Compensated Absences	(370,440)
5. Accrued interest is not due and payable in the current period and therefore, is not reported in the funds.	(54,598)
Total Net Position - Governmental Activities	\$ 8,184,513

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

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Major Fund	Other Governmental Funds	Total Governmental Funds
	General Fund	Funds	Funds
REVENUES:			
Taxes	\$ 2,318,022	\$ 808,670	\$ 3,126,692
Licenses and Permits	618,043	-	618,043
Intergovernmental	6,881,204	2,402,133	9,283,337
Charges for Services	180,249	-	180,249
Fines and Forfeits	670,573	-	670,573
Other	85,289	1,226	86,515
Total Revenues	<u>10,753,380</u>	<u>3,212,029</u>	<u>13,965,409</u>
EXPENDITURES:			
Current			
General Government	2,104,017	-	2,104,017
Public Safety	6,195,638	96,016	6,291,654
Public Service	1,941,063	806,971	2,748,034
Culture and Recreation	-	1,705,430	1,705,430
Debt Service:			
Principal	-	562,089	562,089
Interest and Other Charges	-	212,184	212,184
Total Expenditures	<u>10,240,718</u>	<u>3,382,690</u>	<u>13,623,408</u>
Excess of Revenues Over (Under) Expenditures	<u>512,662</u>	<u>(170,661)</u>	<u>342,001</u>
OTHER FINANCING SOURCES (USES):			
Proceeds of capital lease	138,499	-	138,499
Proceeds from sale of capital assets	20,151	-	20,151
Transfers in	-	30,695	30,695
Transfers out	(10,695)	(20,000)	(30,695)
Total Other Financing Sources (Uses)	<u>147,955</u>	<u>10,695</u>	<u>158,650</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	660,617	(159,966)	500,651
Fund Balance, Beginning of Year	<u>6,328,490</u>	<u>2,496,020</u>	<u>8,824,510</u>
Fund Balance, End of Year	<u>\$ 6,989,107</u>	<u>\$ 2,336,054</u>	<u>\$ 9,325,161</u>

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

RECEIVED
JUN 27 2016

**CITY OF CORINTH, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2015**

	Amount
Net Change in Fund Balances - Governmental Funds	\$ 500,651
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$708,846 and the depreciation expense amounted to \$734,486. (Note 4)	(25,640)
2. Governmental funds report proceeds from the disposal of assets while governmental activities report net gain or loss.	(11,129)
3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position. (Note 5)	562,089
4. Governmental funds report long-term debt proceeds as other sources, while governmental activities in the government wide statements report long-term debt proceeds as an increase in liabilities.	(138,499)
5. Pension expense is reported in the Statement of Activities but does not provide or require the use of current financial resources. Therefore, pension expense is not reported as expenditures in governmental funds.	(588,392)
6. Increase in fines receivable is recorded as an adjustment to income.	124,690
7. Decrease in accrued interest payable is recorded as an adjustment to interest expense.	35,995
8. Decrease in compensated absences is reported as an adjustment to various functions.	63,967
9. Amortization of bond premium	4,691
10. Amortization of bond discount	(2,850)
Change in Net Position	\$ 525,573

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

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	Business-Type - Enterprise Funds		
	Major Funds		
	Sewer System Fund	Sanitation Enterprise Fund	Total
ASSETS:			
Current Assets			
Cash in Bank	\$ 3,791,940	\$ 720,240	\$ 4,512,180
Accounts Receivable (Net of Allowance)	256,635	143,258	399,893
Intergovernmental Receivables	96,668	-	96,668
Total Current Assets	<u>4,145,243</u>	<u>863,498</u>	<u>5,008,741</u>
Noncurrent Assets			
Capital Assets Not Being Depreciated	1,975,845	-	1,975,845
Capital Assets, Net of Accumulated Depreciation	43,819,772	498,167	44,317,939
Total Noncurrent Assets	<u>45,795,617</u>	<u>498,167</u>	<u>46,293,784</u>
Total Assets	<u>49,940,860</u>	<u>1,361,665</u>	<u>51,302,525</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts - Pensions	242,830	242,830	485,660
LIABILITIES:			
Current Liabilities			
Accounts Payable	509,423	11,227	520,650
Accrued Liabilities	64,067	33,029	97,096
Due to General Fund	4,000	-	4,000
Long-Term Liabilities, Due Within One Year	1,493,783	29,920	1,523,703
Total Current Liabilities	<u>2,071,273</u>	<u>74,176</u>	<u>2,145,449</u>
Noncurrent Liabilities			
Compensated Absences Payable	35,902	13,951	49,853
Long-Term Liabilities, Due in More Than One Year	27,834,237	126,128	27,960,365
Net Pension Liability	1,383,543	1,383,543	2,767,086
Total Noncurrent Liabilities	<u>29,253,682</u>	<u>1,523,622</u>	<u>30,777,304</u>
Total Liabilities	<u>31,324,955</u>	<u>1,597,798</u>	<u>32,922,753</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts - Pensions	5,877	5,877	11,754
NET POSITION:			
Net Investment in Capital Assets	16,467,596	342,119	16,809,715
Unrestricted	2,385,262	(341,299)	2,043,963
Total Net Position	<u>\$ 18,852,858</u>	<u>\$ 820</u>	<u>\$ 18,853,678</u>

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

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Sewer System Fund	Sanitation Enterprise Fund	Total
OPERATING REVENUES:			
Charges for Services	\$ 2,942,046	\$ 1,634,622	\$ 4,576,668
Total Operating Revenues	<u>2,942,046</u>	<u>1,634,622</u>	<u>4,576,668</u>
OPERATING EXPENSES:			
Salaries and Benefits	881,688	1,045,319	1,927,007
Materials and Supplies	391,067	170,429	561,496
Repairs and Maintenance	203,704	76,538	280,242
Other Operating Expenses	518,539	742,802	1,261,341
Depreciation and Amortization	1,706,630	101,495	1,808,125
Total Operating Expenses	<u>3,701,628</u>	<u>2,136,583</u>	<u>5,838,211</u>
Operating Income (Loss)	<u>(759,582)</u>	<u>(501,961)</u>	<u>(1,261,543)</u>
NONOPERATING REVENUES (EXPENSES):			
Miscellaneous	37,727	20,800	58,527
Interest Income	2,109	492	2,601
Interest Expense	(433,877)	-	(433,877)
Intergovernmental Revenue	304,060	-	304,060
Total Nonoperating Revenues (Expenses)	<u>(89,981)</u>	<u>21,292</u>	<u>(68,689)</u>
Changes in Net Position	(849,563)	(480,669)	(1,330,232)
Net Position, Beginning of Year	20,774,962	1,554,030	22,328,992
Cumulative Effect Adjustment - GASB 68	(1,072,541)	(1,072,541)	(2,145,082)
Net Position, As Restated	19,702,421	481,489	20,183,910
Net Position, End of Year	<u>\$ 18,852,858</u>	<u>\$ 820</u>	<u>\$ 18,853,678</u>

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

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business - Type Activities - Enterprise Funds		
	Major Funds		
	Sewer System Fund	Sanitation Enterprise Fund	Total
Cash Flows from Operating Activities:			
Cash Received from Customers and Users	\$ 2,931,690	\$ 1,622,123	\$ 4,553,813
Cash Paid to Suppliers	(1,107,631)	(978,542)	(2,086,173)
Cash Paid to Employees	(808,668)	(955,413)	(1,764,081)
Net Cash Provided by Operating Activities	<u>1,015,391</u>	<u>(311,832)</u>	<u>703,559</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(3,036,415)	(156,048)	(3,192,463)
Loan Proceeds	2,652,340	156,048	2,808,388
Principal Payments on Long-Term Debt	(1,179,633)	-	(1,179,633)
Interest Paid	(408,375)	-	(408,375)
Capital Grants	372,369	-	372,369
Net Cash Used by Capital and Related Financing Activities	<u>(1,599,714)</u>	<u>-</u>	<u>(1,599,714)</u>
Cash Flows from Investing Activities:			
Other Income	37,727	20,800	58,527
Interest Revenue Received	2,109	492	2,601
Cash Provided by Investing Activities	<u>39,836</u>	<u>21,292</u>	<u>61,128</u>
Net Increase (Decrease) in Cash	(544,487)	(290,540)	(835,027)
Cash and Cash Equivalents at Beginning of Year	4,336,427	1,010,780	5,347,207
Cash and Cash Equivalents at End of Year	<u>\$ 3,791,940</u>	<u>\$ 720,240</u>	<u>\$ 4,512,180</u>
Reconciliation of Operating Income to Cash Provided by Operating Activities:			
Operating Income	\$ (759,582)	\$ (501,961)	\$ (1,261,543)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization Expense	1,706,630	101,495	1,808,125
Accounts Receivable	(10,356)	(12,499)	(22,855)
Accounts Payable and Accrued Expenses	7,298	27,084	34,382
Compensated Absences Payable	(2,648)	-	(2,648)
Net Pension Expense	74,049	74,049	148,098
Total Adjustments	<u>1,774,973</u>	<u>190,129</u>	<u>1,965,102</u>
Net Cash Provided by Operating Activities	<u>\$ 1,015,391</u>	<u>\$ (311,832)</u>	<u>\$ 703,559</u>

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

**CITY OF CORINTH, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2015**

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash in Bank	<u>\$ 31,402</u>	<u>\$ 133,141</u>
Total Assets	<u>31,402</u>	<u>133,141</u>
 LIABILITIES		
Amount Held for Others	<u>-</u>	<u>133,141</u>
Total Liabilities	<u>-</u>	<u>\$ 133,141</u>
 NET POSITION		
Held in Trust	<u>\$ 31,402</u>	

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

**CITY OF CORINTH, MISSISSIPPI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Private-Purpose Trust Fund</u>
ADDITIONS:	
Interest Income	\$ 15
Lot Sales	<u>3,150</u>
Total Revenues	<u>3,165</u>
DEDUCTIONS:	
Other	<u>-</u>
Changes in Net Position	3,165
Net Position, Beginning of Year	<u>28,237</u>
Net Position, End of Year	<u><u>\$ 31,402</u></u>

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. Summary of Significant Accounting Policies

Except as described below under "A. Financial Reporting Entity", the accompanying financial statements of the City of Corinth, Mississippi, have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

The City of Corinth was incorporated March, 1855, and operates under an Aldermen-Mayor form of government. The city's major operations include public safety (fire and police protection), public service (street and drainage services), culture and recreation, and general government. In addition, the City owns and operates a sewer system and solid waste system.

A. Financial Reporting Entity

These financial statements present the City's primary government only. Management has chosen to omit from these financial statements the following component units, which have a significant operational or financial relationship with the City. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Corinth, Mississippi, and the changes in its financial position and its cash flows, where applicable, as of and for the year ended September 30, 2015, in conformity with accounting principles generally accepted in the United States of America.

Corinth Utility Commission

Corinth Library Commission

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information for the primary government.

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the primary government as a whole. They include all funds of the primary government except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities rely to a significant extent on fees and charges for support. Governmental and business-type activities are reported separately.

The Statement of Net Position presents the financial condition of the city by activity type at year-end. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or service offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the City with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each function is self-balancing or draws from the general revenues of the city.

Fund Financial Statements:

Fund financial statements of the primary government are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, business-type and fiduciary. An emphasis is placed on major funds within governmental and business-type categories.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of charges for services and state and federal awards.

In the fund financial statements, governmental funds and agency funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes, state appropriations and federal awards 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. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which is reported when due.

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the City reports the following fund types and funds, when applicable:

GOVERNMENTAL FUNDS

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted for specific expenditure purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

FIDUCIARY FUNDS

Private-Purpose Trust Funds – Private-purpose trust funds are used to report all trust arrangements, other than those reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

Agency Funds – Agency Funds are used to report resources held by the city in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

PROPRIETARY FUNDS

Sewer System Fund -- This fund accounts for the activities of the City's sewer systems operations.

Sanitation Enterprise Fund -- This fund accounts for the activities of the City's solid waste operations.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Governmental activities capital assets, other than infrastructure assets, are defined by the government as assets with an estimated useful life greater than one year, an initial, individual cost greater than \$5,000 for furniture and equipment; \$25,000 for building improvements and improvements other than buildings; and \$50,000 for buildings. These capitalization thresholds are consistent with the suggested thresholds in the *Mississippi Municipal Audit and Accounting Guide*, issued by the Mississippi Office of the State Auditor. Business-type activities capital assets are defined as assets with an initial cost greater than \$500 and an estimated useful life greater than one year.

As allowable under GASB 34 for Phase III governments, the City has elected to report only prospectively the cost of general infrastructure assets.

All property, plant and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property, plant and equipment are valued at their estimated fair market value on the date donated.

Depreciation is calculated on the straight-line basis using the following useful lives.

Land	N/A
Buildings	40 years
Building Improvements	20 years
Improvements other than Buildings	20 years
Infrastructure	20 years
Furniture and Equipment	3 – 10 years
Sewer System Infrastructure	50 years

E. Long-Term Liabilities

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the 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.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. Summary of Significant Accounting Policies (continued)

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration of the City funds.

G. Cash and Other Deposits

The City deposits excess funds in the financial institutions selected by the City board. State statutes specify how these depositories are to be selected.

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of the state.

Cash consists of amounts on deposit in demand accounts. Other deposits consist of certificates of deposit and other highly liquid investments. Cash and other deposits are valued at cost.

H. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This allowance is estimated by analyzing the allowance for doubtful accounts percentage of receivables from prior years.

I. Compensated Absences

Employees of the City accumulate sick and personal leave at a minimum amount as required by state law or at a greater amount provided by City policy. The City pays for unused personal leave for employees as provided by City policy for each department.

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements.

J. Statement of Cash Flows

For the purpose of cash flows, the Enterprise Funds consider all liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

K. Equity Classifications

Government-Wide Financial Statements:

Equity is classified as net Position and displayed in three components:

1. Net Investment in capital assets – Consists of capital assets including restricted assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, constructions or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (continued)

K. Equity Classifications (continued)

Governmental Financial Statements:

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Board of Alderman – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Board and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. No amounts have been assigned as of September 30, 2015.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

L. Inter-fund Transactions and Balances

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the governmental funds balance sheet. These interfund balances are eliminated in the Statement of Net Position.

M. Property Tax Revenues

Numerous statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year in September, levies property taxes for the ensuing fiscal year which begins October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. Summary of Significant Accounting Policies (continued)

M. Property Tax Revenues (continued)

Section 35-57-1 et seq., Mississippi Code 1972, requires that the City levy and collect all taxes for and on behalf of the municipal separate school district. Section 39-3-7, Mississippi Code 1972, authorized the City to levy and collect a tax not in excess of three mills for the support of any public library system located within the municipality. Ad valorem taxes collected and settled in accordance with the above-noted statutory authorities are not recognized as revenues and expenditures of the City.

N. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in the Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because the expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements..

O. Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could vary from the estimates that were used.

P. Deferred Outflows/Inflows of Revenue

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has a deferred outflow which is presented as a deferred outflow of resources related to pension obligations.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category.

Property tax for future reporting period/unavailable revenue – property taxes -- Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period which property taxes are levied.

Unavailable revenue – fines -- When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows of resources related to pension obligation.

Q. 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 Public Employee's Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

2. Cash and Other Deposits

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

The carrying amount of the City's deposits with financial institutions was \$13,544,946, and the bank balance was \$14,487,357.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2015, none of the City's bank balance of \$14,487,357 was exposed to custodial credit risk.

Interest Rate Risk – The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. Transfers In/Out

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 10,695
Other Governmental Funds	Other Governmental Funds	20,000
Total		<u>\$ 30,695</u>

The principle purpose of interfund transfers was to provide funds for operating expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

4. Capital Assets

The following is a summary of changes in governmental activities capital assets during the fiscal year:

	Balance 10/1/14	Additions	Retirements	Adjustments/ Completed Construction	Balance 9/30/2015
<u>Governmental Activities</u>					
<u>Non-depreciable capital assets</u>					
Land	\$ 654,983	\$ 19,500	\$ -	\$ -	\$ 674,483
Construction in progress	358,073	27,443	-	-	385,516
Total non-depreciable capital assets	<u>1,013,056</u>	<u>46,943</u>	<u>-</u>	<u>-</u>	<u>1,059,999</u>
<u>Depreciable capital assets:</u>					
Buildings	6,018,564	-	-	-	6,018,564
Infrastructure - Streets	7,807,858	40,523	-	-	7,848,381
Mobile equipment	3,390,010	426,904	71,974	-	3,744,940
Furniture and equipment	387,701	194,476	-	-	582,177
Total depreciable capital assets	<u>17,604,133</u>	<u>661,903</u>	<u>71,974</u>	<u>-</u>	<u>18,194,062</u>
<u>Less accumulated depreciation</u>					
Buildings	1,869,785	104,248	-	-	1,974,033
Infrastructure - streets	981,770	261,796	-	-	1,243,566
Mobile equipment	2,134,321	318,068	60,845	-	2,391,544
Furniture and equipment	270,967	50,374	-	-	321,341
Total accumulated depreciation	<u>5,256,843</u>	<u>734,486</u>	<u>60,845</u>	<u>-</u>	<u>5,930,484</u>
Total depreciable capital assets, net	<u>12,347,290</u>	<u>(72,583)</u>	<u>11,129</u>	<u>-</u>	<u>12,263,578</u>
Total Governmental activities capital assets, net	<u>\$ 13,360,346</u>	<u>\$ (25,640)</u>	<u>\$ 11,129</u>	<u>\$ -</u>	<u>\$ 13,323,577</u>

Depreciation expense was charged to the following governmental functions:

General Government	\$ 97,741
Public Safety	317,879
Public Service	318,866
Total governmental activities depreciation expense	<u>\$ 734,486</u>

Commitments on construction contracts at September 30, 2015, are as follows:

Drainage Assessment Project	<u>\$ 4,810,000</u>
-----------------------------	---------------------

RECEIVED

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

4. Capital Assets (continued)

The following is a summary of changes in business-type activities capital assets during the fiscal year:

	Balance 10/1/2014	Additions	Retirements	Adjustments/ Completed Construction	Balance 9/30/2015
<u>Business-type Activities</u>					
<u>Non-depreciable capital assets</u>					
Land	\$ 17,500	\$ -	\$ -	\$ -	\$ 17,500
Construction in progress	19,780,389	2,428,822	-	(20,250,866)	1,958,345
Total non-depreciable capital assets	<u>19,797,889</u>	<u>2,428,822</u>	<u>-</u>	<u>(20,250,866)</u>	<u>1,975,845</u>
<u>Depreciable capital assets:</u>					
Sewer plant and buildings	38,324,760	-	-	20,250,866	58,575,626
Mobile equipment	2,635,595	243,091	-	-	2,878,686
Furniture and equipment	581,153	68,938	-	-	650,091
Total depreciable capital assets	<u>41,541,508</u>	<u>312,029</u>	<u>-</u>	<u>20,250,866</u>	<u>62,104,403</u>
<u>Less accumulated depreciation</u>					
Sewer plant and buildings	13,730,059	1,582,193	-	-	15,312,252
Mobile equipment	1,771,495	192,941	-	-	1,964,436
Furniture and equipment	476,785	32,991	-	-	509,776
Total accumulated depreciation	<u>15,978,339</u>	<u>1,808,125</u>	<u>-</u>	<u>-</u>	<u>17,786,464</u>
Total depreciable capital assets, net	<u>25,563,169</u>	<u>(1,496,096)</u>	<u>-</u>	<u>20,250,866</u>	<u>44,317,939</u>
Total Business-type activities capital assets, net	<u>\$ 45,361,058</u>	<u>\$ 932,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,293,784</u>

Adjustments were made to capital assets to add salvage value back that was depreciated in error.

Depreciation expense was charged to the following business-type functions:

Sewer	\$ 1,706,630
Solid Waste	<u>101,495</u>
Total business-type activities depreciation expense	<u>\$ 1,808,125</u>

Commitments on construction contracts at September 30, 2015, are as follows:

Sewer Rehab	<u>\$ 1,050,985</u>
-------------	---------------------

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

5. Long-Term Debt

The following is a summary of changes in long-term debt of the City's governmental activities for the year ended September 30, 2015:

	Balance 10/1/14	Additions	Reductions	Balance 9/30/15	Amounts due within one year
A. General Obligation					
Bonds Payable	\$ 5,515,000	\$ -	\$ 545,000	\$ 4,970,000	\$ 565,000
Add: Bond Premiums	23,067	-	4,691	18,376	-
Less: Bond Discounts	(14,012)	-	(2,850)	(11,162)	-
B. Other Loans Payable	348,427	-	17,089	331,338	17,616
C. Capital Leases	-	138,499	-	138,499	26,555
D. Compensated Absences Payable	434,407	-	63,967	370,440	-
Total	<u>\$ 6,306,889</u>	<u>\$ 138,499</u>	<u>\$ 627,897</u>	<u>\$ 5,817,491</u>	<u>\$ 609,171</u>

A. General Obligation Bonds Payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2011	2.0 - 2.5%	9/6/2011	4/1/2018	\$ 2,280,000	\$ 755,000
Series 2009	3.3 - 4.7%	12/28/2009	12/1/2029	3,200,000	2,650,000
Series 2013	3.30- 3.5%	12/19/2013	12/1/2028	1,600,000	1,565,000
				<u>\$ 7,080,000</u>	<u>\$ 4,970,000</u>

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 565,000	\$ 164,770	\$ 729,770
2017	395,000	148,668	543,668
2018	410,000	135,968	545,968
2019	240,000	122,712	362,712
2020	250,000	114,432	364,432
2021 - 2025	1,410,000	437,548	1,847,548
2026 - 2030	1,700,000	154,575	1,854,575
Total	<u>\$ 4,970,000</u>	<u>\$ 1,278,673</u>	<u>\$ 6,248,673</u>

The general obligation bonds were issued to provide funds for the construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the City.

This debt will be retired from the Municipal Bond and Interest Fund.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

5. Long-Term Debt (continued)

B. Other Loans Payable

Other loans payable consists the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
CAP Loan	3.00%	11/1/2010	11/1/2030	<u>\$ 411,265</u>	<u>\$ 331,338</u>

The following is a schedule by years of the total payments due on this debt:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 17,616	\$ 9,754	\$ 27,370
2017	18,152	9,218	27,370
2018	18,704	8,666	27,370
2019	19,273	8,097	27,370
2020	19,859	7,511	27,370
2021 - 2025	108,731	28,119	136,850
2026 - 2030	126,304	10,546	136,850
2031	2,699	152	2,851
Total	<u>\$ 331,338</u>	<u>\$ 82,063</u>	<u>\$ 413,401</u>

The CAP Loan was issued to provide funds for the construction of a new fire station.

The debt will be retired from the Municipal Fire Protection Fund.

C. Capital Leases Payable

Capital lease payable consists the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Wheel Loader	2.09%	9/17/2005	9/17/2020	<u>\$ 138,499</u>	<u>\$ 138,499</u>

The following is a schedule by years of the total payments due on this debt:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 26,555	\$ 2,641	\$ 29,196
2017	27,116	2,080	29,196
2018	27,688	1,508	29,196
2019	28,272	924	29,196
2020	28,868	328	29,196
Total	<u>\$ 138,499</u>	<u>\$ 7,481</u>	<u>\$ 145,980</u>

The capital lease was issued to provide funds for the purchase of a wheel loader. The debt will be retired from the General Fund.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

5. Long-Term Debt (continued)

The following is a summary of changes in long-term debt of the City's business-type activities for the year ended September 30, 2015:

	Balance 10/1/14	Additions	Reductions	Balance 9/30/15	Amounts due within one year
A. Other Loans Payable	27,855,313	2,652,340	1,179,633	29,328,020	1,493,783
B. Capital Lease Payable	-	156,048	-	156,048	29,920
C. Compensated Absences Payable	52,501	-	2,648	49,853	-
Total	<u>\$ 27,907,814</u>	<u>\$ 2,808,388</u>	<u>\$ 1,182,281</u>	<u>\$ 29,533,921</u>	<u>\$ 1,523,703</u>

A. Other Loans Payable.

Other loans payable consists of three loans from the Mississippi Department of Environmental Quality State Revolving Loan Fund. Payments for these loans are withheld from sales tax payments due to the City.

Advances on WPCRLF loan number SRF-C-280855-05-1 totaled \$1,229,205.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Revolving Loan Fund Loan Payable	1.75%	5/22/2012	3/14/2034	\$ 20,250,866	\$ 19,672,321
State Revolving Loan Fund Loan Payable	2.00%	10/6/2006	12/1/2027	12,655,057	8,426,493
State Revolving Loan Fund Loan Payable	1.75%	8/8/2014	12/8/2036	3,430,760	1,229,206
				<u>\$ 36,336,683</u>	<u>\$ 29,328,020</u>

The following is a schedule by years of the total payments due on this debt, excluding loan #SRF-C280855-05-1 of \$1,229,206, which has no established amortization schedule at September 30, 2015:

Year Ending September 30,	Principal	Interest	Total
2016	\$ 1,493,783	\$ 500,154	\$ 1,993,937
2017	1,521,695	472,242	1,993,937
2018	1,550,130	443,807	1,993,937
2019	1,579,099	414,838	1,993,937
2020	1,608,612	385,325	1,993,937
2021 - 2025	8,505,516	1,464,170	9,969,686
2026 - 2030	7,138,720	696,556	7,835,276
2031 - 2034	4,701,259	169,889	4,871,148
Total	<u>\$ 28,098,814</u>	<u>\$ 4,546,981</u>	<u>\$ 32,645,795</u>

This debt will be retired from the Sewer System Enterprise Fund.

RECEIVED
JUN 27 2016

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

B. Capital Leases Payable

Capital leases payable consists of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Bulldozer	2.09%	9/17/2015	9/17/2020	\$ 156,048	\$ 156,048

The following is a schedule by years of the total payments due on this debt:

Year Ending September 30,	Principal	Interest	Total
2016	\$ 29,920	\$ 2,976	\$ 32,896
2017	30,551	2,345	32,896
2018	31,196	1,700	32,896
2019	31,854	1,042	32,896
2020	32,527	369	32,896
Total	\$ 156,048	\$ 8,432	\$ 164,480

The debt will be retired from the Sanitation Fund.

C. Compensated Absences Payable.

As more fully explained in Note 1(I), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

6. No Commitment Debt

No commitment debt is repaid by the entities for whom the debt was issued and includes debt that either bears the city's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the city other than possibly an agreement to assist creditors in exercising their rights in the event of default. The City of Corinth and Alcorn County issued this debt on a basis of 45% city and 55% county. Because a default may adversely affect the city's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

	Balance at 9/30/15	City Share
Hospital Revenue Bonds, Series 2011 A	\$ 79,605,000	\$ 35,822,250

7. Property Taxes

The millage rate for the City for October 1, 2014, through September 30, 2015, was 95.0 mills, broken down as follows:

School: Public School Purposes	43.00	Mills
School: School Three Mill Notes	3.00	Mills
School: General Obligation Bonds	12.00	Mills
School: Vo-Tech Fund	1.20	Mills
General Revenue and General Improvement	26.30	Mills
Corinth Library	1.50	Mills
Parks and Playgrounds	2.00	Mills
Municipal bond and Interest	6.00	Mills
Total	95.00	Mills

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

8. Joint Ventures

The City of Corinth is a participant with Alcorn County in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Airport. The joint venture was created to provide an airport for the area, and is governed by a five member board of commissioners appointed as follows: Alcorn County, two; City of Corinth, two; jointly, one. The City contributed \$559,974, including expenditures from grants, to support the operation of this joint venture during the year ended September 30, 2015. Complete financial statements for the Corinth-Alcorn County Airport can be obtained from the Corinth-Alcorn County Airport, 56 County Road 613, Corinth, MS 38834.

The City of Corinth is a participant with Alcorn County in a joint venture to operate the Siege and Battle of Corinth Commission. The joint venture was created to promote tourism, and is governed by a five member Board appointed as follows: Alcorn County, two; City of Corinth, two; jointly, one. Complete financial statements for the Siege and Battle of Corinth Commission can be obtained from Siege and Battle of Corinth Commission, P.O. Box 45, Corinth, MS 38835.

The City of Corinth is a participant with Alcorn County in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Magnolia Regional Health Center. The joint venture was created to provide a community hospital for the area, and is governed by a five member board of directors, two appointed by the county board of supervisors, two appointed by the city and one jointly appointed. Complete financial statements for the Magnolia Regional Health Center can be obtained from Magnolia Regional Health Center, 611 Alcorn Drive, Corinth, MS 38834.

The City of Corinth is a participant with Alcorn County in a joint venture, authorized by Section 55-9-1, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Recreation Commission. The joint venture was created to provide recreational opportunities for the area and is governed by a five member board. Each entity appoints two of the five board members, and the fifth is jointly appointed. The City contributed \$294,967 to support the operation of this joint venture during the year ended September 30, 2015. Complete financial statements for the Corinth-Alcorn County Recreation Commission can be obtained from Corinth-Alcorn County Recreation Commission, P.O. Box 1372, Corinth, MS 38835.

The City of Corinth is a participant with Alcorn County in a joint venture, established by local and private legislation (Senate Bill 3219), 1997 Session, to operate the Corinth Area Convention and Visitors Bureau. The joint venture was created to promote tourism and is governed by a seven member board of directors. Each entity appoints one board member, the Corinth Area Restaurant Association appoints three board members and the Corinth Area Hotel-Motel-Inn-Bed and Breakfast Association appoints three board members. The joint venture is funded with one-half of a 2 percent sales tax on motel and food and beverage sales within the City of Corinth. Complete financial statements for the Corinth Area Convention and Visitors Bureau can be obtained from Corinth Area Convention and Visitors Bureau, P.O. Box 2158, Corinth, MS 38835.

The City of Corinth is a participant with Alcorn County in a joint venture, established by local and private legislation (Senate Bill 3219), 1997 Session, to operate the Crossroads Arena. The joint venture was created to operate an arena for various events and is governed by a seven member board of directors. Each entity appoints three board members, and the seventh is jointly appointed. The City contributed \$-0- to support the operation of this joint venture during the year ended September 30, 2015. Complete financial statements for the Crossroads Arena can be obtained from Crossroads Arena, 2800 Harper Road, Corinth, MS 38834.

9. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. City of Corinth, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

9. Defined Benefit Pension Plan (continued)

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011), are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employees' earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death benefits and disability benefits. A Cost-of-Living (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015, PERS members are required to contribute 9.00% of the annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$889,499, \$886,640 and \$792,129, respectively, equaled contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the City reported a liability of \$13,824,114 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.08943 percent, which was a decrease of 0.00251% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the City recognized pension expense of \$1,625,989. At September 30, 2015, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 212,746	\$ -
Net difference between projected and actual earnings on pension plan investments	808,859	-
Changes of assumptions	1,190,900	-
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	-	58,770
City contributions subsequent to the measurement date	208,475	-
	\$ 2,420,980	\$ 58,770

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

\$208,475 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,		
2016	\$	696,655
2017		696,655
2018		558,210
2019		202,215
2020		-
Thereafter		-
	\$	2,153,735

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 - 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of 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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00%	5.20%
International Equity	19.00%	5.00%
Emerging Markets Equity	8.00%	5.45%
Fixed Income	20.00%	0.25%
Real Assets	10.00%	4.00%
Private Equity	8.00%	6.15%
Cash	1.00%	-0.50%
Total	100.00%	

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 18,221,449	\$ 13,824,114	\$ 10,175,149

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

10. Commitments and Contingencies

Litigation - The City of Corinth is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel does not expect any liability resulting from these lawsuits will have a material adverse effect on the financial condition of the City.

Federal Grants - The City participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. Accordingly, no provision for any liability that may result has been recognized in the City's financial statements.

See Note 4 for commitments on construction contracts.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of Position; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. Cumulative Effect Adjustment

During the year ended September 30, 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date were implemented. GASB No. 68 requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. Cost-sharing employers are required to recognize the liability for its proportionate share of the net pension liability of all employers for benefits provided through the pension plan. GASB No. 71 amended GASB No. 68, to require a government to recognize a beginning deferred outflow of resources only for

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the state of the government's fiscal year.

Transition guidance in GASB No. 68 requires that accounting changes adopted to conform to the provisions of the Statement should be applied retroactively by restating financial statements, if practical, for all periods presented. If restatement is not practical, the cumulative effect of applying this Statement should be reported as a restatement of beginning net position for the earliest period presented. Based on the foregoing, the cumulative effect adjustment reflected in the financial statements for the year September 30, 2015, is comprised of the following components:

Beginning of year proportionate share of net pension liability	\$10,924,352
Beginning of year pension contributions made after beginning of year measurement date	<u>(198,938)</u>
	<u><u>\$10,725,414</u></u>

13. Subsequent Events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management has evaluated the activity of the city through June 20, 2016, (the date the financial statements were available to be issued) and concluded that the following subsequent events have occurred that would require disclosure in the notes to the financial statements.

Advances on WPCRLF loan number SRF-C-280855-05-1 subsequent to September 30, 2015, through June 20, 2016, amounted to \$1,770,307.

CITY OF CORINTH, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
NON-GAAP BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variances	
	Original	Final	(NON-GAAP Basis)	Original to Final	Final to Actual
REVENUE:					
Taxes	\$ 2,421,100	\$ 2,469,600	\$ 2,323,618	\$ 48,500	\$ (145,982)
Licenses and Permits	557,500	596,000	618,043	38,500	22,043
Intergovernmental	6,223,837	6,841,349	6,877,240	617,512	35,891
Charges for Services	175,000	180,024	180,249	5,024	225
Fines and Forfeitures	550,000	550,000	670,573	-	120,573
Other	69,000	67,350	85,289	(1,650)	17,939
Total Revenues	9,996,437	10,704,323	10,755,012	707,886	50,689
EXPENDITURES:					
Current:					
General Government	2,435,332	2,523,492	2,104,017	(88,160)	419,475
Public Safety	6,268,449	6,260,480	6,195,638	7,969	64,842
Public Service	1,858,829	2,508,250	1,941,063	(649,421)	567,187
Debt Service	108,411	11,500	-	96,911	11,500
Total Expenditures	10,671,021	11,303,722	10,240,718	(632,701)	1,063,004
Excess (Deficiency) of Revenues over Expenditures	(674,584)	(599,399)	514,294	75,185	1,113,693
OTHER FINANCING SOURCES (USES):					
Proceeds From Sale of Assets	3,000	20,000	20,151	17,000	151
Operating Transfers, Net	(341,100)	(30,000)	(10,695)	311,100	19,305
Loan Proceeds	296,000	450,000	138,499	154,000	(311,501)
Insurance Proceeds	-	1,500	-	1,500	(1,500)
Total Other Financing Sources (Uses)	(42,100)	441,500	147,955	483,600	(293,545)
Net Change in Fund Balance	(716,684)	(157,899)	662,249	558,785	820,148
Fund Balance, Beginning of Year	6,157,528	6,157,528	6,157,528	-	-
Fund Balance, End of Year	\$ 5,440,844	\$ 5,999,629	\$ 6,819,777	\$ 558,785	\$ 820,148

The notes to the required supplementary information are an integral part of this statement.

CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION
SEPTEMBER 30, 2015
LAST 2 FISCAL YEARS*

Schedule of the City's Proportionate Share of the Net Pension Liability

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.08943%	0.091881%
City's proportionate share of net pension liability	\$ 13,824,114	\$ 10,924,352
City's covered-employee payroll	\$ 5,647,613	\$ 5,629,460
City's proportionate share of the net pension as a percentage of its covered-employee payroll	244.778%	194.0568%
Plan fiduciary net position as a percentage of the total pension liability	61.7040%	67.2077%

*-The amounts presented for each fiscal year were determined as of 6/30.

Schedule of the City Contributions

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 889,499	\$ 886,640
Contributions in relation to contractually required contribution	<u>(889,499)</u>	<u>(886,640)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
System's covered-employee payroll	\$ 5,647,613	\$ 5,629,460
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

The notes to the required supplementary information are an integral part of this statement.

CITY OF CORINTH, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. BUDGETARY COMPARISON SCHEDULE

A. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on a NON-GAAP basis (cash), variances between the original budget and final budget, and variances between the final budget and actual data. A budgetary comparison is presented for the general fund and each major special revenue fund, consistent with accounting principles generally accepted in the United States of America.

B. Budget Adoption and Amendments

The budget is adopted by the Board of Alderman. Amendments can be made on the approved of the Board. For further information, see Note 2 to the financial statements.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
5. Formal budgetary integration is employed as a management control device during the year for the Governmental Funds.
6. The City's budget is prepared principally on the cash basis of accounting.

The following schedule reconciles the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:

	Net Change in Fund Balance General Fund
Budget (Cash Basis)	\$ 662,249
Net adjustments for Revenue Accruals	(1,632)
GAAP Basis	\$ 660,617

**CITY OF CORINTH, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 2. PENSION LIABILITY AND CONTRIBUTIONS

A. Changes in Benefit Terms

None identified during periods presented in the required supplementary information.

B. Changes in Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-200 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-200 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015 assumed rate of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

C. Changes in Size or Composition of the Population Covered by the Benefit Terms

None identified during periods presented in the required supplementary information.

**CITY OF CORINTH, MISSISSIPPI
COMBINING BALANCE SHEET – OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Fire	Library	Park and Playground	Tourism Construction	Tourism Budget	CDBG	Infrastructure Bond	Municipal B & I	Total Other
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Governmental
Assets:									
Cash	\$ 373,581	\$ 259,080	\$ 200,129	\$ 809,325	\$ 32,573	\$ 11,582	\$ 115,921	\$ 410,277	\$ 2,212,468
Receivables	-	104,642	139,521	54,236	54,236	23,630	-	418,565	794,830
Total Assets	\$ 373,581	\$ 363,722	\$ 339,650	\$ 863,561	\$ 86,809	\$ 35,212	\$ 115,921	\$ 828,842	\$ 3,007,298
Liabilities									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,126	\$ -	\$ -	\$ 21,126
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	102,650	136,867	-	-	-	-	410,601	650,118
Fund Balances:									
Restricted For:									
Public Safety	373,581	-	-	-	-	-	-	-	373,581
Public Service	-	-	-	-	-	14,086	115,921	-	130,007
Culture and Recreation	-	-	-	863,561	86,809	-	-	-	950,370
Debt Service	-	-	-	-	-	-	-	418,241	418,241
Committed to									
Culture and Recreation	-	261,072	202,783	-	-	-	-	-	463,855
Total Fund Balance	373,581	261,072	202,783	863,561	86,809	14,086	115,921	418,241	2,336,054
Total Liabilities and Fund Balance	\$ 373,581	\$ 363,722	\$ 339,650	\$ 863,561	\$ 86,809	\$ 35,212	\$ 115,921	\$ 828,842	\$ 3,007,298

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

**CITY OF CORINTH, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – OTHER GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015**

	Fire Protection Fund	Library Fund	Park and Playground Fund	Tourism Construction Fund	Tourism Budget Fund	CDBG Fund	Infrastructure Bond Fund	Municipal B & I Fund	Total Other Governmental
Revenues:									
Taxes	\$ -	\$ 127,685	\$ 170,246	\$ -	\$ -	\$ -	\$ -	\$ 510,739	\$ 808,670
Intergovernmental	111,405	10,382	297,897	638,211	638,211	661,903	-	44,124	2,402,133
Other	361	136	108	282	13	26	85	215	1,226
Total Revenues	111,766	138,203	468,251	638,493	638,224	661,929	85	555,078	3,212,029
Expenditures:									
Current									
Public Safety	96,016	-	-	-	-	-	-	-	96,016
Public Service	-	-	-	-	-	653,379	150,126	3,466	806,971
Culture and Recreation	-	138,500	412,065	514,865	640,000	-	-	-	1,705,430
Debt Service:									
Principal	17,089	-	-	-	-	-	-	545,000	562,089
Interest and Other Charges	10,898	-	-	-	-	-	-	201,286	212,184
Total Expenditures	124,003	138,500	412,065	514,865	640,000	653,379	150,126	749,752	3,382,690
Excess of Revenues Over (Under) Expenditures	(12,237)	(297)	56,186	123,628	(1,776)	8,550	(150,041)	(194,674)	(170,661)
Other Financing Sources(Uses):									
Proceed of General Obligation Bonds	-	-	-	-	-	-	-	-	-
Operating Transfers In/(Out)	12,975	-	-	-	-	(2,280)	-	-	10,695
Total Other Financing Sources (Uses)	12,975	-	-	-	-	(2,280)	-	-	10,695
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	738	(297)	56,186	123,628	(1,776)	6,270	(150,041)	(194,674)	(159,966)
Fund Balance, Beginning of Year	372,843	261,369	146,597	739,933	88,585	7,816	265,962	612,915	2,496,020
Fund Balance, End of Year	\$ 373,581	\$ 261,072	\$ 202,783	\$ 863,561	\$ 86,809	\$ 14,086	\$ 115,921	\$ 418,241	\$ 2,336,054

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

RECEIVED
JUN 27 2016

**CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing & Urban Development</u>			
Passed-through MS Development Authority			
Community Development Block Grant-State's Program	14.228	1130-13-155PF-01	<u>\$ 309,960</u>
<u>U.S. Department of Justice</u>			
Passed-through MS Dept. of Public Safety			
JAG Local Law Grant	16.738	14HS2071	54,770
JAG Local Law Grant	16.738	13LB2071	<u>3,480</u>
Total U.S. Department of Justice			<u>58,250</u>
<u>U.S. Department of Transportation</u>			
Direct Grants			
Airport Improvement Program	20.106	NA	<u>373,241</u>
<u>U.S. Environmental Protection Agency</u>			
Direct Grants			
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	NA	<u>84,999</u>
Passed-through the MS Dept. of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280855-03	<u>279,900</u>
Total U.S. Environmental Protection Agency			<u>364,899</u>
<u>U.S. Department of Homeland Security</u>			
Direct Grants			
Assistance to Firefighters Grant	97.044	EMW-2013-FO-00610	<u>120,894</u>
Passed-through MS Dept. of Public Safety			
Law Enforcement Protection Grant	97.067	13HS155	19,200
Law Enforcement Protection Grant	97.067	14HS155	<u>20,000</u>
Total U.S. Department of Homeland Security			<u>160,094</u>
Total for All Federal Awards			<u>\$ 1,266,444</u>

Notes

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the basic financial statements.
2. The expenditure amounts include transfers out, as applicable.
3. The balance outstanding as of September 30, 2015, of loans received under CFDA #66.458 was \$29,328,020.

JUN 30 2016

**CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2015**

Name	Position	Company	Bond
Tommy Irwin	Mayor	Western Surety Company	\$ 100,000
Vickie Roach	City Clerk/Tax Collector	Western Surety Company	\$ 100,000
Benjamin Albarracin	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Chip Wood	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Mike Hopkins	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Micheal McFall	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Andrew Labas	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
J. C. Hill	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
John C. Ross	City Judge	Western Surety Company	\$ 50,000
Debbie Hendrix	Deputy City Clerk	Western Surety Company	\$ 100,000
Debbie Hendrix	Deputy Tax Collector	Western Surety Company	\$ 100,000
Brandy Smith	Deputy City Clerk	Western Surety Company	\$ 100,000
Alicia Walker	Accounts Payable Clerk	Western Surety Company	\$ 100,000
Greg Tyson	Building Inspector	Western Surety Company	\$ 25,000
David Lancaster	Chief of Police	Western Surety Company	\$ 50,000
Zane Elliott	Court Clerk	Western Surety Company	\$ 100,000
Ginger Seawright	Deputy Court Clerk	Western Surety Company	\$ 100,000
Missy Wilbanks	Deputy Court Clerk	Western Surety Company	\$ 100,000
Deena Willis	Deputy Court Clerk	Western Surety Company	\$ 100,000
Donna Null	Tax Dept. Clerk	Western Surety Company	\$ 100,000
Ralph Dance	Chief of Police	Western Surety Company	\$ 50,000



CERTIFIED PUBLIC ACCOUNTANTS
LOCATIONS IN CORINTH, MS & BOONEVILLE, MS

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA

515 E. Waldron Street
Post Office Box 458
Corinth, Mississippi 38835
Telephone (662) 286-7082
Fax (662) 286-3365

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*

Honorable Mayor and Members
of the Board of Aldermen
City of Corinth, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Corinth, Mississippi as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the City of Corinth, Mississippi's basic financial statements and have issued our report thereon dated June 20, 2016. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Corinth, Mississippi's 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 Corinth, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's 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 Corinth, Mississippi's 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. However, this report is a matter of public record and its distribution is not limited.

Brawner, Vanstony & Co., P.A.

June 20, 2016
Corinth, Mississippi

RECEIVED

JUN 27 2016



**BRAWNER
VANSTORY
& COMPANY, P.A.**

**CERTIFIED PUBLIC ACCOUNTANTS
LOCATIONS IN CORINTH, MS & BOONEVILLE, MS**

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA

515 E. Waldron Street
Post Office Box 458
Corinth, Mississippi 38835
Telephone (662) 286-7082
Fax (662) 286-3365

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

To the Mayor and Board of Aldermen
City of Corinth, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Corinth, Mississippi's, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Corinth, Mississippi's major federal programs for the year ended September 30, 2015. City of Corinth, Mississippi'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Corinth, Mississippi'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Corinth, Mississippi'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 on the City of Corinth, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Corinth, Mississippi, 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, 2015.

Report on Internal Control Over Compliance

Management of the City of Corinth, Mississippi, 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 the City of Corinth, Mississippi'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 OMB Circular A-133, but not for the purpose of

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Corinth, Mississippi'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Brawner, Vanstony & Co., P.A.

June 20, 2016
Corinth, Mississippi

RECEIVED
JUN 27 2016



CERTIFIED PUBLIC ACCOUNTANTS
LOCATIONS IN CORINTH, MS & BOONEVILLE, MS

Lou Ann D. Counce, CPA
Terry E. Cartwright, CPA

515 E. Waldron Street
Post Office Box 458
Corinth, Mississippi 38835
Telephone (662) 286-7082
Fax (662) 286-3365

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS

To the Mayor and Board of Aldermen
City of Corinth, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Corinth, Mississippi, as of and for the year ended September 30, 2015, which collectively comprise the basic financial statements of the City's primary government and have issued our report thereon dated June 20, 2016. The auditors' report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the City's component units. 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.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the financial statements did not disclose any instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the mayor, board of aldermen, management, federal awarding agencies and pass-through entities and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Brawner, Vanstory & Co., P.A.

June 20, 2016
Corinth, Mississippi

**CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015**

Section I: Summary of Auditors' Results

Financial Statements:

1. Type of auditors' report issued on the financial statements:
 - Governmental Activities: Unmodified
 - Business-Type Activities: Unmodified
 - General Fund: Unmodified
 - Sewer System Fund: Unmodified
 - Sanitation Enterprise Fund: Unmodified
 - Aggregate Remaining Fund Information: Unmodified
 - Aggregate Discretely Presented Component Units: Adverse
2. Internal control over financial reporting:
 - a. Material weakness identified? No
 - a. Significant deficiencies identified? None Reported
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness identified? No
 - b. Significant deficiencies identified that are not considered to be material weaknesses? None Reported
5. Type of auditors' report issued on compliance for major federal programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? No
7. Federal programs identified as major programs:
 - a. Community Development Block Grant – State's Program
CFDA #14.228
 - b. Airport Improvement Program
CFDA #20.106
8. The dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? No
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? No

Section 2: Findings Relating to the Financial Statements

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

**CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015**

Section 3: Findings and Questioned Costs for Federal Awards

The results of our tests did not disclose any findings and questioned costs related to the federal awards.