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The City of Corinth Mississippi

TOMMY IRWIN, MAYOR
VICKIE ROACH, CITY CLERK
DAVID LANCASTER, CHIEF OF POLICE
PHONE 662-286-6644
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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 19, 2014

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

RE: Annual Municipal Audit

Dear Sir:

Accompanying this letter is a copy of the annual audit of the city of Corinth, Mississippi, for the fiscal year ended September 30, 2014. A separate management letter was not written to the city in connection with this audit.

Sincerely,

Vickie Roach
City Clerk

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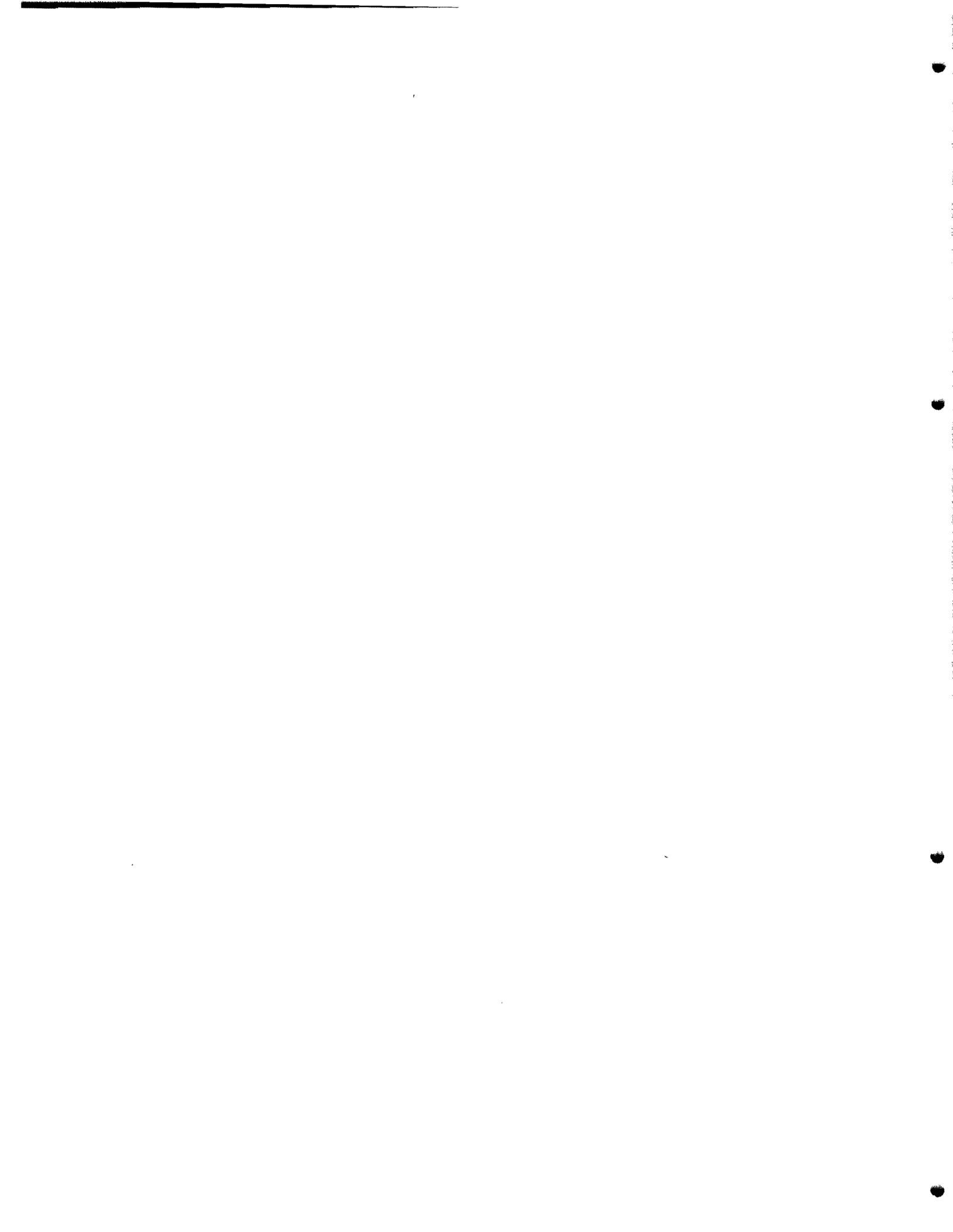
JUN 25 2014

Enclosure

CITY OF CORINTH, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013

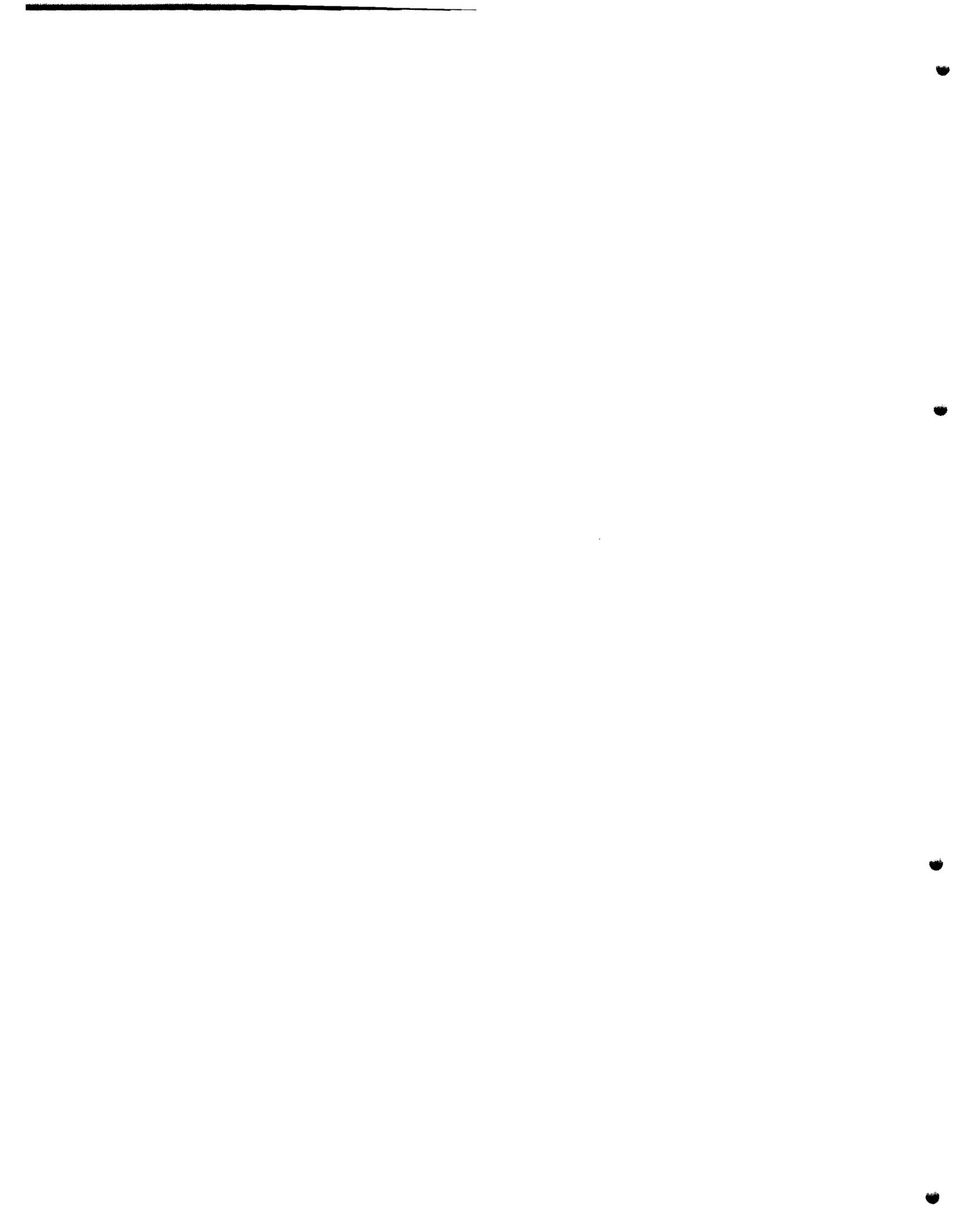
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JUN 25 2014



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

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Terry E. Cartwright, CPA

515 E. Waldron St.
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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, 2013, 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 \$96,757,213, \$45,485,454, \$51,271,759, \$12,309,484 and \$9,861,041.

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, 2013, 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, 2013, 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 and Budgetary Comparison information on pages 3 through 8 and 35 through 37 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 16, 2014, 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 16, 2014
Booneville, Mississippi

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JUN 25 2014

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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, 2013. 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 increased \$370,255, which represents a 1.05% increase from fiscal year 2012.
- General revenues account for \$10,934,244 in revenue, or 62.95% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,436,289 or 37.05% of total revenues.
- The City had \$16,819,155 in expenses; only \$6,436,289 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$10,934,244 were adequate to provide for these programs.
- Among major funds, the General Fund had \$9,891,097 in revenues and \$9,774,991 in expenditures. The General Fund's fund balance increased \$67,840 over the prior year.
- Governmental activities capital assets, net of accumulated depreciation, increased by \$218,420 due mainly to renovation of the Verandal House. Business-type activities capital assets, net of accumulated depreciation, increased by \$12,481,815, due mainly to construction of a new sewage treatment plant.
- Governmental activities long-term debt decreased by \$23,825,132 due to loans transferred to the Corinth Utility Commission. Business-type activities long-term debt increased by \$12,516,293 due to payment on debt \$599,911 and new loan advances of \$13,109,352.
- The City transferred loans of \$24,751,500 to the Corinth Utility Commission that was payable to the Mississippi Department of Health.

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.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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.

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 35-37 of this report.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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 exceeded liabilities by \$35,918,171 as of September 30, 2013.

The largest portion of the City's net position (66.47%) 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, 2013 and 2012.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 11,597,290	\$ 35,291,802	\$ 5,952,274	\$ 5,520,467	\$ 17,549,564	\$ 40,812,269
Capital Assets, Net	9,746,382	9,527,962	42,642,432	30,160,617	52,388,814	39,688,579
Total Assets	21,343,672	44,819,764	48,594,706	35,681,084	69,938,378	80,500,848
Other Liabilities	3,589,088	3,986,302	1,916,123	1,141,257	5,505,211	5,127,559
Long-Term Liabilities	4,790,918	28,554,846	23,724,078	11,270,527	28,514,996	39,825,373
Total Liabilities	8,380,006	32,541,148	25,640,201	12,411,784	34,020,207	44,952,932
Net Position						
Net Investment in Capital Assets	4,955,464	4,239,108	18,918,354	18,945,979	23,873,818	23,185,087
Restricted	2,292,905	2,277,769	-	-	2,292,905	2,277,769
Unrestricted	5,715,297	5,761,739	4,036,151	4,323,321	9,751,448	10,085,060
Total Net Position	\$ 12,963,666	\$ 12,278,616	\$ 22,954,505	\$ 23,269,300	\$ 35,918,171	\$ 35,547,916

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

- The principal retirement of \$496,095 of long-term debt in the governmental activities and \$599,911 in the business-type activities.
- The transferring of a \$24,751,500 in loans to the Corinth Utility Commission in the governmental activities.
- The acquisition of \$1,485,508 in long-term debt (see Note 6) in the governmental activities and \$13,109,352 in the business-type activities.
- The acquisition of \$267,252 in infrastructure improvements, mobile equipment, and furniture and equipment, net of depreciation, in the governmental activities.
- The acquisition of \$132,263 in equipment and \$13,786,027 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, 2013, were \$17,370,533. The total cost of all programs and services was \$16,819,155. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2013 and 2012.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues	\$ 2,033,481	\$ 3,687,512	\$ 4,402,808	\$ 4,140,735	\$ 6,436,289	\$ 7,828,247
General Revenues	10,908,888	10,843,494	25,356	32,648	10,934,244	10,876,142
Transfers	(22,229)	-	22,229	-	-	-
Total Revenues	12,920,140	14,531,006	4,450,393	4,173,383	17,370,533	18,704,389
Expenses						
General Government	2,128,332	2,156,088	-	-	2,128,332	2,156,088
Public Safety	5,895,429	5,730,100	-	-	5,895,429	5,730,100
Public Service	2,260,646	3,591,660	-	-	2,260,646	3,591,660
Culture and Recreation	1,620,014	1,842,775	-	-	1,620,014	1,842,775
Sewer	-	-	3,134,584	2,923,298	3,134,584	2,923,298
Solid Waste	-	-	1,402,674	1,359,415	1,402,674	1,359,415
Interest on Long-Term Liabilities	179,738	178,242	197,738	243,036	377,476	421,278
Total Expenses	12,084,159	13,498,865	4,734,996	4,525,749	16,819,155	18,024,614
Increase (Decrease) in Net Position	\$ 835,981	\$ 1,032,141	\$ (284,603)	\$ (352,366)	\$ 551,378	\$ 679,775

Governmental activities: Governmental activities increased the City's net position by \$835,981. The largest funding sources for the City's governmental activities are sales taxes of \$6,669,911, or 52%, property taxes of \$3,536,307, or 27%, and charges for services of \$907,855, or 7%. The largest expense categories for the City's governmental activities are public safety 49%, public service 19% and general government 18%.

Business-type activities: Business-type activities decreased the City's net position by \$284,603. Charges for services are the major revenue categories for the proprietary funds. The business-type revenues are comprised of \$2,685,029 for the sewer system and \$1,552,803 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 \$8,138,445, a decrease of \$23,228,819. \$5,845,540 or 71.83% 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 \$2,292,905 or 28.17% is reserved or designated to indicate that it is not available for spending because \$1,838,127 or 22.58% is restricted for specific programs and \$454,778 or 5.59% 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 \$67,840, or 1.13%.

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 \$2,862,892. The decrease in net position amounted to \$448,997. Unrestricted net position of the Sanitation Enterprise Fund at year-end amounted to \$1,173,259. The increase in net position amounted to \$164,394.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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, 2013, the City's total capital assets were \$71,847,042, including land, buildings, construction in progress, infrastructure, and equipment. This amount represents an increase of \$14,407,801 from the previous year, due primarily to improvements to the wastewater treatment plant. Total accumulated depreciation as of September 30, 2013, was \$19,458,228, and total depreciation expense for the year was \$1,891,631, resulting in total net capital assets of \$52,388,814.

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, 2013, the City had \$29,061,436 in long-term debt outstanding, of which \$1,105,786 is due within one year. This represents a decrease of \$11,306,898 as a result of scheduled repayments and debt transferred to Corinth Utility Commission and increase in loan advances on the wastewater treatment plant note.

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.

**CITY OF CORINTH, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash in Bank	\$ 7,907,909	\$ 5,417,052	\$ 13,324,961
Accounts Receivable, Net	4,634	374,246	378,880
Property Taxes Receivable	2,431,818	-	2,431,818
Fines Receivable, Net of Allowance for Doubtful Accounts	322,682	-	322,682
Interfund Receivable (Payable)	4,000	(4,000)	-
Intergovernmental Receivables	841,854	164,976	1,006,830
Capitalized Bond Issue Cost, Net	84,393	-	84,393
Capital Assets Not Being Depreciated	1,167,714	15,907,250	17,074,964
Capital Assets, Net of Accumulated Depreciation	8,578,668	26,735,182	35,313,850
Total Assets	21,343,672	48,594,706	69,938,378
LIABILITIES			
Accounts Payable and Accrued Expenses	681,396	1,853,381	2,534,777
Unearned Revenue	2,423,994	-	2,423,994
Long Term Liabilities:			
Compensated Absences	483,698	62,742	546,440
Due Within One Year	516,591	589,195	1,105,786
Due in More Than One Year	4,274,327	23,134,883	27,409,210
Total Liabilities	8,380,006	25,640,201	34,020,207
NET POSITION			
Net Investment in Capital Assets	4,955,464	18,918,354	23,873,818
Restricted Net Position:			
Expendable:			
Debt Service	708,169	-	708,169
Public Safety	383,006	-	383,006
Culture & Recreation	1,201,730	-	1,201,730
Unrestricted	5,715,297	4,036,151	9,751,448
Total Net Position	\$ 12,963,666	\$ 22,954,505	\$ 35,918,171

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

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**CITY OF CORINTH, MISSISSIPPI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013**

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	\$ 2,128,332	\$ 230,885	\$ 92,191	\$ -	\$ (1,805,256)	\$ -	\$ (1,805,256)
Public Safety	5,895,429	676,970	77,670	-	(5,140,789)	-	(5,140,789)
Public Service	2,260,646	-	231,285	459,787	(1,569,574)	-	(1,569,574)
Culture and Recreation	1,620,014	-	264,693	-	(1,355,321)	-	(1,355,321)
Interest on Long-Term Liabilities	179,738	-	-	-	(179,738)	-	(179,738)
Total Governmental Activities	12,084,159	907,855	665,839	459,787	(10,050,678)	-	(10,050,678)
Business-Type Activities							
Sewer	3,134,584	2,685,029	-	164,976	-	(284,579)	(284,579)
Solid Waste	1,402,674	1,552,803	-	-	-	150,129	150,129
Interest on Long-Term Liabilities	197,738	-	-	-	-	(197,738)	(197,738)
Total Business-Type Activities	4,734,996	4,237,832	-	164,976	-	(332,188)	(332,188)
Total Government	\$ 16,819,155	\$ 5,145,687	\$ 665,839	\$ 624,763	(10,050,678)	(332,188)	(10,382,866)
General Revenues:							
Taxes:							
Property					3,536,307	-	3,536,307
Sales					6,669,911	-	6,669,911
Franchise					349,691	-	349,691
Gasoline					13,990	-	13,990
Pro-Rata Road					152,574	-	152,574
Other Permits and Taxes					135,363	-	135,363
Non-Restricted Grants					7,267	-	7,267
Investment Earnings					10,877	7,648	18,525
Gain (Loss) on Sale of Capital Assets					14,199	(9,239)	4,960
Other					18,709	26,947	45,656
Transfers					(22,229)	22,229	-
Total General Revenues and Transfers					10,886,659	47,585	10,934,244
Change in Net Position					835,981	(284,603)	551,378
Net Position, Beginning					12,278,616	23,269,300	35,547,916
Prior Period Adjustment					(150,931)	(30,192)	(181,123)
Net Position, Beginning - Restated					12,127,685	23,239,108	35,366,793
Net Position, Ending					\$ 12,963,666	\$ 22,954,505	\$ 35,918,171

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

**CITY OF CORINTH, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	Major Funds			Total Governmental Funds
	General Fund	Gas & Water Surface Water Project	Other Governmental Funds	
ASSETS:				
Cash	\$ 5,708,632	\$ -	\$ 2,199,277	\$ 7,907,909
Property Taxes Receivable	1,780,755	-	651,063	2,431,818
Intergovernmental Receivables	487,694	-	354,160	841,854
Fines Receivable, Net	322,682	-	-	322,682
Other Receivables	4,634	-	-	4,634
Due from Sewer Enterprise Fund	4,000	-	-	4,000
Total Assets	\$ 8,308,397	\$ -	\$ 3,204,500	\$ 11,512,897
LIABILITIES AND FUND BALANCES:				
Liabilities				
Accounts Payable	\$ 130,812	\$ -	\$ 323,812	\$ 454,624
Accrued Liabilities	173,152	-	-	173,152
Unearned Revenue	2,103,437	-	643,239	2,746,676
Total Liabilities	2,407,401	-	967,051	3,374,452
FUND BALANCES:				
Restricted for				
Public Safety	-	-	383,006	383,006
Debt Service	-	-	708,169	708,169
Culture and Recreation	-	-	746,952	746,952
Committed to				
Culture and Recreation	-	-	454,778	454,778
Unassigned	5,900,996	-	(55,456)	5,845,540
Total Fund Balances	5,900,996	-	2,237,449	8,138,445
Total Liabilities and Fund Balances	\$ 8,308,397	\$ -	\$ 3,204,500	\$ 11,512,897

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

**CITY OF CORINTH, MISSISSIPPI
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

	Amount
Total Fund Balances - Governmental Funds	\$ 8,138,445
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.	322,682
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 \$4,931,652. (Note 4)	9,746,382
3. Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds. (Note 5)	
General Obligation Bonds Payable	(4,415,000)
Bond Premiums	(27,758)
Bond Discounts	16,862
Other Loans Payable	(365,022)
Compensated Absences	(483,698)
4. Discounts on debt issuance are recorded as other financing uses in the governmental funds; however, they are recorded as an asset and amortized in the government-wide statements.	84,393
5. Accrued interest is not due and payable in the current period and therefore, is not reported in the funds.	(53,620)
Total Net Position - Governmental Activities	\$ 12,963,666

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, 2013

	Major Funds			Total Governmental Funds
	General Fund	Gas & Water Surface Water Project	Other Governmental Funds	
REVENUES:				
Taxes	\$ 2,258,634	\$ -	\$ 787,783	\$ 3,046,417
Licenses and Permits	485,054	-	-	485,054
Intergovernmental	6,239,499	-	2,219,760	8,459,259
Charges for Services	173,878	-	-	173,878
Fines and Forfeits	645,883	-	-	645,883
Other	88,149	-	2,885	91,034
Total Revenues	<u>9,891,097</u>	<u>-</u>	<u>3,010,428</u>	<u>12,901,525</u>
EXPENDITURES:				
Current				
General Government	2,052,369	-	-	2,052,369
Public Safety	5,892,618	-	1,166	5,893,784
Public Service	1,830,004	-	827,708	2,657,712
Culture and Recreation	-	-	1,620,014	1,620,014
Debt Service:				
Principal	-	-	496,095	496,095
Interest and Other Charges	-	-	182,321	182,321
Total Expenditures	<u>9,774,991</u>	<u>-</u>	<u>3,127,304</u>	<u>12,902,295</u>
Excess of Revenues Over (Under) Expenditures	<u>116,106</u>	<u>-</u>	<u>(116,876)</u>	<u>(770)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds of loans	-	1,485,508	-	1,485,508
Proceeds from sale of capital assets	37,943	-	-	37,943
Loan transfer to gas & water	-	(24,751,500)	-	(24,751,500)
Transfers in	-	-	86,209	86,209
Transfers out	(86,209)	-	-	(86,209)
Total Other Financing Sources (Uses)	<u>(48,266)</u>	<u>(23,265,992)</u>	<u>86,209</u>	<u>(23,228,049)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>67,840</u>	<u>(23,265,992)</u>	<u>(30,667)</u>	<u>(23,228,819)</u>
Fund Balance, Beginning of Year	<u>5,981,228</u>	<u>23,265,992</u>	<u>2,268,116</u>	<u>31,515,336</u>
Prior Period Adjustment	<u>(148,072)</u>	<u>-</u>	<u>-</u>	<u>(148,072)</u>
Fund Balance, As Restated	<u>5,833,156</u>	<u>23,265,992</u>	<u>2,268,116</u>	<u>31,367,264</u>
Fund Balance, End of Year	<u>\$ 5,900,996</u>	<u>\$ -</u>	<u>\$ 2,237,449</u>	<u>\$ 8,138,445</u>

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

**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, 2013**

	Amount
Net Change in Fund Balances - Governmental Funds	\$ (23,228,819)
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 \$709,418 and the depreciation expense amounted to \$442,166. (Note 4)	267,252
2. Governmental funds report proceeds from the disposal of assets while governmental activities report net gain or loss.	(23,744)
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)	496,095
Governmental Funds report long-term debt transferred to other governments as other uses, but the transfer reduces long-term liabilities in the statement of net position.	24,751,500
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.	(1,485,508)
5. Increase in fines receivable is recorded as an adjustment to income.	21,954
6. Decrease in accrued interest payable is recorded as an adjustment to interest expense.	5,433
7. Decrease in compensated absences is reported as an adjustment to various functions.	61,104
8. Decrease in bond issuance cost.	(7,057)
9. Governmental activities in the government wide statements report capital assets reassigned to enterprise funds as transfers, but there is no reporting in the governmental funds.	(22,229)
Change in Net Position	\$ 835,981

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, 2013

	Business-Type - Enterprise Funds		
	Major Funds		
	Sewer System Fund	Sanitation Enterprise Fund	Total
ASSETS:			
Current Assets			
Cash in Bank	\$ 4,337,839	\$ 1,079,213	\$ 5,417,052
Accounts Receivable (Net of Allowance)	244,665	129,581	374,246
Intergovernmental Receivables	164,976	-	164,976
Total Current Assets	<u>4,747,480</u>	<u>1,208,794</u>	<u>5,956,274</u>
Noncurrent Assets			
Capital Assets Not Being Depreciated	15,907,250	-	15,907,250
Capital Assets, Net of Accumulated Depreciation	<u>26,362,939</u>	<u>372,243</u>	<u>26,735,182</u>
Total Noncurrent Assets	<u>42,270,189</u>	<u>372,243</u>	<u>42,642,432</u>
Total Assets	<u>47,017,669</u>	<u>1,581,037</u>	<u>48,598,706</u>
LIABILITIES:			
Current Liabilities			
Accounts Payable	1,800,108	-	1,800,108
Accrued Liabilities	38,057	15,216	53,273
Due to General Fund	4,000	-	4,000
Long-Term Liabilities, Due Within One Year	<u>589,195</u>	<u>-</u>	<u>589,195</u>
Total Current Liabilities	<u>2,431,360</u>	<u>15,216</u>	<u>2,446,576</u>
Noncurrent Liabilities			
Compensated Absences Payable	42,423	20,319	62,742
Long-Term Liabilities, Due in More Than One Year	<u>23,134,883</u>	<u>-</u>	<u>23,134,883</u>
Total Noncurrent Liabilities	<u>23,177,306</u>	<u>20,319</u>	<u>23,197,625</u>
Total Liabilities	<u>25,608,666</u>	<u>35,535</u>	<u>25,644,201</u>
NET POSITION:			
Net Investment in Capital Assets	18,546,111	372,243	18,918,354
Unrestricted	<u>2,862,892</u>	<u>1,173,259</u>	<u>4,036,151</u>
Total Net Position	<u>\$ 21,409,003</u>	<u>\$ 1,545,502</u>	<u>\$ 22,954,505</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, 2013

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Sewer System Fund	Sanitation Enterprise Fund	Total
OPERATING REVENUES:			
Charges for Services	\$ 2,685,029	\$ 1,552,803	\$ 4,237,832
Total Operating Revenues	<u>2,685,029</u>	<u>1,552,803</u>	<u>4,237,832</u>
OPERATING EXPENSES:			
Salaries and Benefits	736,414	710,615	1,447,029
Materials and Supplies	220,177	147,875	368,052
Repairs and Maintenance	541,706	141,742	683,448
Other Operating Expenses	322,595	266,669	589,264
Depreciation and Amortization	1,313,692	135,773	1,449,465
Total Operating Expenses	<u>3,134,584</u>	<u>1,402,674</u>	<u>4,537,258</u>
Operating Income (Loss)	<u>(449,555)</u>	<u>150,129</u>	<u>(299,426)</u>
NONOPERATING REVENUES (EXPENSES):			
Miscellaneous	26,947	-	26,947
Loss on Disposal of Capital Assets	-	(9,239)	(9,239)
Interest Income	6,084	1,564	7,648
Interest Expense	(197,449)	(289)	(197,738)
Intergovernmental Revenue	164,976	-	164,976
Total Nonoperating Revenues (Expenses)	<u>558</u>	<u>(7,964)</u>	<u>(7,406)</u>
Income Before Contributions and Transfers	<u>(448,997)</u>	<u>142,165</u>	<u>(306,832)</u>
Capital Contribution and Transfers	<u>-</u>	<u>22,229</u>	<u>22,229</u>
Changes in Net Position	<u>(448,997)</u>	<u>164,394</u>	<u>(284,603)</u>
Net Position, Beginning of Year	<u>21,876,767</u>	<u>1,392,533</u>	<u>23,269,300</u>
Prior Period Adjustment	<u>(18,767)</u>	<u>(11,425)</u>	<u>(30,192)</u>
Net Position, As Restated	<u>21,858,000</u>	<u>1,381,108</u>	<u>23,239,108</u>
Net Position, End of Year	<u>\$ 21,409,003</u>	<u>\$ 1,545,502</u>	<u>\$ 22,954,505</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, 2013**

	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	\$ 2,676,983	\$ 1,554,458	\$ 4,231,441
Cash Paid to Suppliers and Employees	(1,814,594)	(1,259,857)	(3,074,451)
Net Cash Provided by Operating Activities	<u>862,389</u>	<u>294,601</u>	<u>1,156,990</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(13,123,273)	(118,341)	(13,241,614)
Loan Proceeds	13,109,352	-	13,109,352
Principal Payments on Long-Term Debt	(577,538)	(22,373)	(599,911)
Interest Paid	(198,632)	(340)	(198,972)
Net Cash Used by Capital and Related Financing Activities	<u>(790,091)</u>	<u>(141,054)</u>	<u>(931,145)</u>
Cash Flows from Investing Activities:			
Other Income	26,947	-	26,947
Interest Revenue Received	6,084	1,564	7,648
Cash Provided by Investing Activities	<u>33,031</u>	<u>1,564</u>	<u>34,595</u>
Net Increase (Decrease) in Cash	105,329	155,111	260,440
Cash and Cash Equivalents at Beginning of Year	4,232,510	924,102	5,156,612
Cash and Cash Equivalents at End of Year	<u>\$ 4,337,839</u>	<u>\$ 1,079,213</u>	<u>\$ 5,417,052</u>
Reconciliation of Operating Income to Cash Provided by Operating Activities:			
Operating Income	\$ (449,555)	\$ 150,129	\$ (299,426)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization Expense	1,313,692	135,773	1,449,465
Accounts Receivable	(8,046)	1,655	(6,391)
Accounts Payable and Accrued Expenses	4,719	1,771	6,490
Compensated Absences Payable	1,579	5,273	6,852
Total Adjustments	<u>1,311,944</u>	<u>144,472</u>	<u>1,456,416</u>
Net Cash Provided by Operating Activities	<u>\$ 862,389</u>	<u>\$ 294,601</u>	<u>\$ 1,156,990</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, 2013

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash in Bank	\$ 26,968	\$ 85,185
Total Assets	26,968	85,185
 LIABILITIES		
Amount Held for Others	-	85,185
Total Liabilities	-	\$ 85,185
 NET POSITION		
Held in Trust	\$ 26,968	

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, 2013**

	Private-Purpose Trust Fund
ADDITIONS:	
Interest Income	\$ 34
Lot Sales	1,750
Total Revenues	1,784
Changes in Net Position	1,784
Net Position, Beginning of Year	25,184
Net Position, End of Year	\$ 26,968

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013, 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, 2013

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.

Gas and Water Surface Water Project – This special revenue fund is used to account for the proceeds of a loan which is being used to aid the Corinth Utility Commission in an expansion project, and the eventual repayment of the loan.

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, 2013**

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, 2013**

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, construction 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, 2013

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, 2013.

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, 2013**

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.

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 \$13,437,114, and the bank balance was \$13,962,949.

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, 2013, none of the City's bank balance of \$13,962,949 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

Transfer In	Transfer Out	Amount
Other Governmental Funds	General Fund	\$ 86,209
Total		\$ 86,209

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.

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**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

4. Capital Assets

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

	Balance 10/1/12	Additions	Retirements	Adjustments/ Completed Construction	Balance 9/30/2013
Governmental Activities					
Non-depreciable capital assets					
Land	\$ 449,644	\$ -	\$ -	\$ -	\$ 449,644
Construction in progress	142,511	575,559	-	-	718,070
Total non-depreciable capital assets	<u>592,155</u>	<u>575,559</u>	<u>-</u>	<u>-</u>	<u>1,167,714</u>
Depreciable capital assets:					
Buildings	5,131,231	-	10,000	-	5,121,231
Infrastructure - Streets	5,362,424	-	-	-	5,362,424
Mobile equipment	2,764,161	128,609	58,043	(200,763)	2,633,964
Furniture and equipment	382,451	5,250	-	-	387,701
Total depreciable capital assets	<u>13,640,267</u>	<u>133,859</u>	<u>68,043</u>	<u>(200,763)</u>	<u>13,505,320</u>
Less accumulated depreciation					
Buildings	1,684,037	86,501	5,000	-	1,765,538
Infrastructure - streets	591,604	184,083	-	-	775,687
Mobile equipment	2,248,248	102,368	39,299	(175,675)	2,135,642
Furniture and equipment	180,571	69,214	-	-	249,785
Total accumulated depreciation	<u>4,704,460</u>	<u>442,166</u>	<u>44,299</u>	<u>(175,675)</u>	<u>4,926,652</u>
Total depreciable capital assets, net	<u>8,935,807</u>	<u>(308,307)</u>	<u>23,744</u>	<u>(25,088)</u>	<u>8,578,668</u>
Total Governmental activities capital assets, net	<u>\$ 9,527,962</u>	<u>\$ 267,252</u>	<u>\$ 23,744</u>	<u>\$ (25,088)</u>	<u>\$ 9,746,382</u>

Adjustments were made to capital assets to remove mobile equipment transferred to the enterprise funds of \$22,229 net of depreciation, and to remove mobile equipment that was junked in prior years of \$2,859 net of depreciation.

Depreciation expense was charged to the following governmental functions:

General Government	\$ 121,270
Public Safety	103,710
Public Service	217,186
Total governmental activities depreciation expense	<u>\$ 442,166</u>

Commitments on construction contracts at September 30, 2013, are as follows:

Arch Pipe Drainage	\$ 789,255
Verandah House	209,298
Total	<u>\$ 998,553</u>

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

4. Capital Assets (continued)

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

	Balance 10/1/2012	Additions	Retirements	Adjustments/ Completed Construction	Balance 9/30/13
<u>Business-type Activities</u>					
<u>Non-depreciable capital assets</u>					
Land	\$ 17,500	\$ -	\$ -	\$ -	\$ 17,500
Construction in progress	2,103,723	13,786,027	-	-	15,889,750
Total non-depreciable capital assets	<u>2,121,223</u>	<u>13,786,027</u>	<u>-</u>	<u>-</u>	<u>15,907,250</u>
<u>Depreciable capital assets:</u>					
Sewer plant and buildings	38,324,760	-	-	-	38,324,760
Mobile equipment	2,193,605	118,341	92,383	141,282	2,360,845
Furniture and equipment	567,231	13,922	-	-	581,153
Total depreciable capital assets	<u>41,085,596</u>	<u>132,263</u>	<u>92,383</u>	<u>141,282</u>	<u>41,266,758</u>
<u>Less accumulated depreciation</u>					
Sewer plant and buildings	11,375,700	1,177,179	-	-	12,552,879
Mobile equipment	1,273,266	230,110	83,144	119,053	1,539,285
Furniture and equipment	397,236	42,176	-	-	439,412
Total accumulated depreciation	<u>13,046,202</u>	<u>1,449,465</u>	<u>83,144</u>	<u>119,053</u>	<u>14,531,576</u>
Total depreciable capital assets, net	<u>28,039,394</u>	<u>(1,317,202)</u>	<u>9,239</u>	<u>22,229</u>	<u>26,735,182</u>
Total Business-type activities capital assets, net	<u>\$ 30,160,617</u>	<u>\$12,468,825</u>	<u>\$ 9,239</u>	<u>\$ 22,229</u>	<u>\$ 42,642,432</u>

Adjustments were made to capital assets to add assets transferred from Governmental Funds of \$22,229 net of depreciation.

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

Sewer	\$ 1,313,692
Solid Waste	135,773
Total business-type activities depreciation expense	<u>\$ 1,449,465</u>

Commitments on construction contracts at September 30, 2013, are as follows:

Sewer Treatment Plant	<u>\$ 4,486,750</u>
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**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013:

	Balance 10/1/12	Additions	Reductions	Balance 9/30/13	Amounts due within one year
A. General Obligation					
Bonds Payable	\$ 4,895,000	\$ -	\$ 480,000	\$ 4,415,000	\$ 500,000
Add: Bond Premiums	32,449	-	4,691	27,758	-
Less: Bond Discounts	(19,712)	-	(2,850)	(16,862)	-
B. Other Loans Payable	23,647,109	1,485,508	24,767,595	365,022	16,591
C. Compensated Absences Payable	544,902	-	61,104	483,698	-
Total	<u>\$ 29,099,748</u>	<u>\$ 1,485,508</u>	<u>\$ 25,310,540</u>	<u>\$ 5,274,616</u>	<u>\$ 516,591</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	\$ 1,530,000
Series 2009	3.3 - 4.7%	12/28/2009	12/1/2029	3,200,000	2,885,000
				<u>\$ 5,480,000</u>	<u>\$ 4,415,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 500,000	\$ 142,278	\$ 642,278
2015	510,000	129,055	639,055
2016	530,000	115,445	645,445
2017	305,000	101,530	406,530
2018	315,000	92,068	407,068
2019 - 2023	790,000	359,528	1,149,528
2024 - 2028	1,000,000	197,985	1,197,985
2029 - 2030	465,000	19,168	484,168
Total	<u>\$ 4,415,000</u>	<u>\$ 1,157,057</u>	<u>\$ 5,572,057</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, 2013**

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>\$ 365,022</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>
2014	\$ 16,591	\$ 10,779	\$ 27,370
2015	17,096	10,274	27,370
2016	17,616	9,754	27,370
2017	18,152	9,218	27,370
2018	18,704	8,666	27,370
2019-2023	102,406	34,446	136,852
2024-2028	118,957	17,895	136,852
2029-2031	55,500	2,091	57,591
Total	<u>\$ 365,022</u>	<u>\$ 103,123</u>	<u>\$ 468,145</u>

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

The debt will be retired from the General Fund.

Advances received, in the amount of \$24,751,500, through September 30, 2013, from a State of Mississippi Department of Health "Drinking Water Systems Improvements Revolving Loan Fund" (DWSIRLF) loan (#DWI-H280064-04-0). The loan, of up to \$24,751,500, was being used to aid the Corinth Utility Commission in upgrading its water system with a new Surface Water Treatment Plant. The Corinth Utility Commission assumed responsibility for this loan on April 8, 2013.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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, 2013:

	Balance 10/1/12	Additions	Reductions	Balance 9/30/13	Amounts due within one year
A. Other Loans Payable	11,192,264	13,109,352	577,538	23,724,078	589,195
B. Capital Lease Payable	22,373	-	22,373	-	-
C. Compensated Absences Payable	55,890	6,852	-	62,742	-
Total	<u>\$ 11,270,527</u>	<u>\$ 13,116,204</u>	<u>\$ 599,911</u>	<u>\$ 23,786,820</u>	<u>\$ 589,195</u>

A. Other Loans Payable.

Other loans payable consists of two 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-280855-03-1 totaled \$13,109,352.

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	\$ 20,376,500	\$ 14,107,301
State Revolving Loan Fund Loan Payable	2.00%	10/6/2006	12/1/2027	12,655,057	9,616,777
				<u>\$ 33,031,557</u>	<u>\$ 23,724,078</u>

The following is a schedule by years of the total payments due on this debt, excluding loan #SRF-C280855-03-1 of \$14,107,301, which has no established amortization schedule at September 30, 2013:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 589,195	\$ 186,954	\$ 776,149
2015	601,088	175,061	776,149
2016	613,221	162,928	776,149
2017	625,598	150,551	776,149
2018	638,225	137,924	776,149
2019-2023	3,389,639	491,109	3,880,748
2024-2028	3,159,811	138,825	3,298,636
Total	<u>\$ 9,616,777</u>	<u>\$ 1,443,352</u>	<u>\$ 11,060,129</u>

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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 9/30/13	City Share
Hospital Revenue Bonds, Series 2011 A	\$ 81,590,000	\$ 36,715,500
Hospital Revenue Refunding Bonds, Series 2006B	515,000	231,750
Total	\$ 82,105,000	\$ 36,947,250

7. Property Taxes

The millage rate for the City for October 1, 2012, through September 30, 2013, 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.

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CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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 \$303,965, including expenditures from grants, to support the operation of this joint venture during the year ended September 30, 2013. 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 \$429,753 to support the operation of this joint venture during the year ended September 30, 2013. 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 \$67,644 to support the operation of this joint venture during the year ended September 30, 2013. Complete financial statements for the Crossroads Arena can be obtained from Crossroads Arena, 2800 Harper Road, Corinth, MS 38834.

9. Defined Benefit Pension Plan

Plan Description. The City of Corinth 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 (601) 359-3589 or 1-800-444-PERS.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

9. Defined Benefit Pension Plan (continued)

Funding Policy. PERS members are required to contribute 9.0% of their annual covered salary, and the City of Corinth is required to contribute at an actuarially determined rate. The current rate is 15.75% annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Corinth's contributions to PERS for the years ending September 30, 2013, 2012, and 2011, were \$792,129, \$699,416, and \$667,354, respectively, equal to the required contributions for each year.

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. Deficit Fund Balances

The Grant Fund had a deficit fund balance at September 30, 2013, in the amount of \$55,456. This deficit fund balance could have been eliminated with a transfer and/or short-term advance from the General Fund.

13. Prior Period Adjustment

A summary of fund equity adjustments is as follows:

Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
Accrued wages from prior year	\$ (178,264)
Capital assets disposed in prior year	(2,859)
Total prior period adjustment	<u>\$ (181,123)</u>

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

<u>Explanation</u>	<u>Amount</u>
Accrued wages from prior year	\$ (148,072)
Total prior period adjustment	<u>\$ (148,072)</u>

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.

<u>Explanation</u>	<u>Amount</u>
Accrued wages from prior year	\$ (30,192)
Total prior period adjustment	<u>\$ (30,192)</u>

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

14. 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 16, 2014, (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-280855-03-1 subsequent to September 30, 2013, through June 16, 2014, amounted to \$3,410,706.

CITY OF CORINTH, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
NON-GAAP BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual (NON-GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
REVENUE:					
Taxes	\$ 2,438,000	\$ 2,437,300	\$ 2,258,634	\$ (700)	\$ (178,666)
Licenses and Permits	537,000	556,000	485,054	19,000	(70,946)
Intergovernmental	5,925,000	5,954,013	6,234,924	29,013	280,911
Charges for Services	165,500	179,774	173,878	14,274	(5,896)
Fines and Forfeitures	625,000	616,000	645,883	(9,000)	29,883
Other	91,950	83,025	88,149	(8,925)	5,124
Total Revenues	9,782,450	9,826,112	9,886,522	43,662	60,410
EXPENDITURES:					
Current:					
General Government	2,388,526	2,464,517	2,052,369	(75,991)	412,148
Public Safety	5,910,030	5,960,370	5,892,618	(50,340)	67,752
Public Service	1,787,250	1,793,212	1,830,004	(5,962)	(36,792)
Total Expenditures	10,085,806	10,218,099	9,774,991	(132,293)	443,108
Excess (Deficiency) of Revenues over Expenditures	(303,356)	(391,987)	111,531	(88,631)	503,518
OTHER FINANCING SOURCES (USES):					
Proceeds From Sale of Assets	3,000	37,100	37,943	34,100	843
Operating Transfers, Net	(415,000)	(400,000)	(86,209)	15,000	313,791
Loan Proceeds	205,000	-	-	(205,000)	-
Total Other Financing Sources (Uses)	(207,000)	(362,900)	(48,266)	(155,900)	314,634
Net Change in Fund Balance	(510,356)	(754,887)	63,265	(244,531)	818,152
Fund Balance, Beginning of Year	5,981,228	5,981,228	5,981,228	-	-
Prior Period Adjustment	-	-	(148,072)	-	(148,072)
Fund Balance, Beginning, as restated	5,981,228	5,981,228	5,833,156	-	(148,072)
Fund Balance, End of Year	\$ 5,470,872	\$ 5,226,341	\$ 5,896,421	\$ (244,531)	\$ 670,080

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

CITY OF CORINTH, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE FOR THE GAS & WATER SURFACE WATER PROJECT FUND
NON-GAAP BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual (NON-GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
Other Financing Sources (Uses)					
Proceeds of Loan	7,000,000	2,500,000	1,485,508	(4,500,000)	(1,014,492)
Transfer to Gas & Water	(7,000,000)	(2,500,000)	(24,751,500)	4,500,000	(22,251,500)
Total Other Financing Sources (Uses)	-	-	(23,265,992)	-	(23,265,992)
Net Change in Fund Balance	-	-	(23,265,992)	-	(23,265,992)
Fund Balance, Beginning of Year	-	-	23,265,992	-	23,265,992
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF CORINTH, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTRY INFORMATION
YEAR ENDED SEPTEMBER 30, 2013**

BUDGETARY COMPARISON SCHEDULE

1. 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.

2. 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)	\$ 63,265
Net adjustments for Revenue Accruals	4,575
GAAP Basis	\$ 67,840

**CITY OF CORINTH, MISSISSIPPI
COMBINING BALANCE SHEET – OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	Fire Protection Fund	Library Fund	Park and Playground Fund	Tourism Construction Fund	Tourism Budget Fund	CDBG Fund	Municipal B & I Fund	Total Other Governmental
Assets:								
Cash	\$ 383,006	\$ 250,638	\$ 201,257	\$ 604,779	\$ 45,843	\$ 10,526	\$ 703,228	\$ 2,199,277
Receivables	-	102,799	137,067	48,165	48,165	257,830	411,197	1,005,223
Total Assets	\$ 383,006	\$ 353,437	\$ 338,324	\$ 652,944	\$ 94,008	\$ 268,356	\$ 1,114,425	\$ 3,204,500
Liabilities and Fund Balance:								
Liabilities								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,812	\$ -	\$ 323,812
Unearned Revenue	-	101,564	135,419	-	-	-	406,256	643,239
Total Liabilities	-	101,564	135,419	-	-	323,812	406,256	967,051
Fund Balances:								
Restricted For:								
Public Safety	383,006	-	-	-	-	-	-	383,006
Culture and Recreation	-	-	-	652,944	94,008	-	-	746,952
Debt Service	-	-	-	-	-	-	708,169	708,169
Committed to								
Culture and Recreation	-	251,873	202,905	-	-	-	-	454,778
Unassigned	-	-	-	-	-	(55,456)	-	(55,456)
Total Fund Balance	383,006	251,873	202,905	652,944	94,008	(55,456)	708,169	2,237,449
Total Liabilities and Fund Balance	\$ 383,006	\$ 353,437	\$ 338,324	\$ 652,944	\$ 94,008	\$ 268,356	\$ 1,114,425	\$ 3,204,500

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, 2013

	Fire Protection Fund	Library Fund	Park and Playground Fund	Tourism Construction Fund	Tourism Budget Fund	CDBG Fund	Municipal B & I Fund	Total Other Governmental
Revenues:								
Taxes	\$ -	\$ 124,364	\$ 165,869	\$ -	\$ -	\$ -	\$ 497,550	\$ 787,783
Intergovernmental	77,670	10,037	279,747	559,289	559,289	691,072	42,656	2,219,760
Other	682	328	350	523	13	56	933	2,885
Total Revenues	78,352	134,729	445,966	559,812	559,302	691,128	541,139	3,010,428
Expenditures:								
Current								
Public Safety	1,166	-	-	-	-	-	-	1,166
Public Service	-	-	-	-	-	823,140	4,568	827,708
Culture and Recreation	-	126,800	429,753	521,461	542,000	-	-	1,620,014
Debt Service:								
Principal	16,095	-	-	-	-	-	480,000	496,095
Interest and Other Charges	11,276	-	-	-	-	-	171,045	182,321
Total Expenditures	28,537	126,800	429,753	521,461	542,000	823,140	655,613	3,127,304
Excess of Revenues Over (Under) Expenditures	49,815	7,929	16,213	38,351	17,302	(132,012)	(114,474)	(116,876)
Other Financing Sources(Uses):								
Operating Transfers In(Out)	-	-	-	-	-	86,209	-	86,209
Total Other Financing Sources (Uses)	-	-	-	-	-	86,209	-	86,209
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	49,815	7,929	16,213	38,351	17,302	(45,803)	(114,474)	(30,667)
Fund Balance, Beginning of Year	333,191	243,944	186,692	614,593	76,706	(9,653)	822,643	2,268,116
Fund Balance, End of Year	\$ 383,006	\$ 251,873	\$ 202,905	\$ 652,944	\$ 94,008	\$ (55,456)	\$ 708,169	\$ 2,237,449

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

**CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

<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 Justice</u>			
Passed-through MS Dept. of Public Safety			
JAG Local Law Grant	16.738	10LB2071	\$ 30,002
JAG Local Law Grant	16.738	11LB2071	2,243
JAG Wrongful Convictions Grant	16.738	12WB2071	4,575
Total U.S. Department of Justice			<u>36,820</u>
<u>U.S. Department of Homeland Security</u>			
Passed-through MS Emergency Management Agency			
Public Assistance Grant Program	97.036	1916-DR-MS	414,632
Passed-through MS Dept. of Public Safety			
Law Enforcement Protection Grant	97.067	10LE155	4,109
Total U.S. Department of Homeland Security			<u>418,741</u>
<u>U.S. Environmental Protection Agency</u>			
Passed-through the MS Dept. of Health			
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280855-03	<u>771,803</u>
<u>U.S. Department of Transportation</u>			
Direct Grants			
Airport Improvement Program	20.106		190,828
Total for All Federal Awards			<u>\$ 1,418,192</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, 2013, of loans received under CFDA #66.458 was \$23,134,882.

**CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2013**

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
Trina Killough	Deputy Tax Collector	Western Surety Company	\$ 100,000
Brandy Smith	Deputy City Clerk	Western Surety Company	\$ 100,000
Alicia Barnett	Accounts Payable Clerk	Western Surety Company	\$ 100,000
Phillip Verdung	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

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CITY OF CORINTH, MISSISSIPPI

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CERTIFIED PUBLIC ACCOUNTANTS
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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, 2013 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 16, 2014. 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 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 16, 2014
Corinth, Mississippi



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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, 2013. 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, 2013.

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 16, 2014
Corinth, Mississippi



CERTIFIED PUBLIC ACCOUNTANTS
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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, 2013, which collectively comprise the basic financial statements of the City's primary government and have issued our report thereon dated June 16, 2014. 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 16, 2014
Corinth, Mississippi

**CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2013**

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
 - Gas & Water Surface Water Project: 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
 - b. 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. Capitalization Grants for Clean Water State Revolving Funds
CFDA # 66.458
 - b. Public Assistance Grant
CFDA # 97.036
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

CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2013

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*.

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.

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